

Before the  
Federal Communications Commission  
Washington, D.C. 20554

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FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF THE SECRETARY

In the Matter of:

Certification for MagicGate Type-R for  
Secure Video Recording for Hi-MD  
Hardware as an Authorized Recording  
Technology

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) MB Docket 04-\_\_\_\_  
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**CERTIFICATION FOR MAGICGATE TYPE-R FOR SECURE VIDEO  
RECORDING FOR HI-MD HARDWARE AS AN AUTHORIZED RECORDING  
TECHNOLOGY**

Sony Corporation ("Sony"), pursuant to the Public Notice issued by the Federal Communications Commission ("FCC" or "Commission") on January 23, 2004, and the regulations set forth at 47 C.F.R. § 73.9008, hereby submits its Certification concerning the use of the MagicGate Type-R for Secure Video Recording for Hi-MD (hereinafter, MG-R(SVR) for Hi-MD) technology as a hardware implementation for the secure recording of Unscreened and Marked digital terrestrial broadcast ("DTV") content.

**Introduction and Background**

MG-R(SVR) for Hi-MD is a video content protection mechanism developed by Sony Corporation to perform secure recording by devices and Hi-MD media that are compliant with MG-R(SVR) for Hi-MD. MG-R(SVR) for Hi-MD will be offered in both

a hardware and software format. The hardware application will be licensed on reasonable and nondiscriminatory terms for implementation in devices (such as a portable video player/recorder) licensed to incorporate the Hi-MD technology format for video recording and processing. The software application will remain proprietary and will be provided to software vendors, electronic manufacturers or end users as a compliant software implementation ("Software") fulfilling the same Compliance Rules and Robustness Rules that licensed hardware devices are obligated to fulfill. Hi-MD medium is a removable, recordable disc that is compatible with compliant, portable Hi-MD player/recorders. The specification for MG-R(SVR) for Hi-MD describes a Secure Video Module, that provides functionality for encrypting video content, decrypting the content for playback, and key management; and a Secure Drive Module that writes/reads encrypted content from/onto the Hi-MD medium. A Hi-MD recorder/player that installs both a Secure Video Module and a Secure Drive Module may record and playback video content using MG-R(SVR) for Hi-MD; a Hi-MD recorder/player that installs only a Secure Drive Module is capable of storing/reading video content protected by MG-R(SVR) for Hi-MD by the Secure Video Module in another device, however, such Hi-MD recorder/player itself does not have a video playback function using MG-R(SVR) for Hi-MD.

This letter is to request that the Commission certify MG-R(SVR) for Hi-MD for hardware implementations pursuant to 47 C.F.R. § 73.9008.<sup>1</sup>

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<sup>1</sup> Although this particular certification is only for hardware implementation of MG-R(SVR) for Hi-MD, in total, Sony is seeking certification of MG-R(SVR) for four separate combinations of MG-R(SVR) in four separate applications: (1) a hardware implementation for Memory Stick PRO; (2) a hardware

## **I. General Description of How the Technology Works**

As further detailed below and in the applicable attachments, MG-R(SVR) for Hi-MD clearly satisfies the Commission's objective of protecting DTV content as outlined in the Report and Order.<sup>2</sup> MG-R(SVR) for Hi-MD employs a multifaceted, but user-friendly, content protection system that: (1) allows for the transfer of content by Universal Serial Bus ("USB") between a device and a Secure Drive Module over a Secure Authenticated Channel ("SAC"); (2) requires a Unique Media ID that binds recording onto a specific medium (*i.e.*, a specific Hi-MD medium) and prevents usable copies from being made by a bit by bit copy; (3) encrypts Unscreened and Marked content with AES 128 bit encryption; (4) limits the digital output of unencrypted content by licensed devices (by Compliance Rules in the license) to a specific list of permitted digital outputs; (5) provides a mechanism to revoke a specific device that has a compromised Device Node Key ("DNK") Through this comprehensive content protection system, MG-R(SVR) for Hi-MD significantly frustrates an attempt to inappropriately redistribute Unscreened and Marked content, while working seamlessly and invisibly for the consumer.

For more technical information, see MagicGate Type-R for Secure Video Recording for Hi-MD - Technical Guidance Document - at Exhibit A, and MagicGate Type-R for Secure Video Recording for Hi-MD Specification - Informational Version - at Exhibit B.

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implementation for Hi-MD; (3) a software implementation for Memory Stick PRO; and (4) a software implementation for Hi-MD.

<sup>2</sup> See *In the Matter of Digital Broadcast Content Protection, Report and Order and Further Notice of Proposed Rulemaking*, MB Docket No. 02-230, FCC 03-273 (released Nov. 4, 2003), at ¶ 1, 4.

### **A. Authentication**

Cryptographic authentication is used to ensure that content is passed only to and from an authenticated device and Secure Drive Module for communication over USB.

When recording or playing back content using MG-R(SVR) for Hi-MD over USB, prior to encryption or decryption, authentication between a device and a Secure Drive Module confirms they are an authorized device and Secure Drive Module. By executing this procedure, a Secure Authenticated Channel (“SAC”) is established between the device and the Secure Drive Module and the secure transfer of data is made possible.

At the time of playback, a licensed device must perform authentication of content stored on a Hi-MD medium before playback to prevent playback of unauthorized copies. This is done by checking the Integrity Check Value (“ICV”). The ICV is calculated from content protection related information by means of a hash function. At the time of recording, the content’s ICV is stored in the hidden area of the Hi-MD medium and can be accessed only by a device that is compliant with MG-R(SVR) for Hi-MD. Any subsequent unauthorized alteration of the content and its content protection related information or unauthorized bit by bit copy will change its ICV to a value that no longer matches the ICV stored in the hidden area of the Hi-MD medium, thus revealing that the content has been altered. The licensed device will then refuse to play the altered content.

The process described above prevents playback of bit by bit copies because such copy would be rejected during the integrity check. If the ICV check is successful, the device will read the encrypted content, the encrypted content key and the Enabling Key Block (“EKB”) file version number from the Hi-MD medium. From the EKB, the Device

Node Key (“DNK”) installed in the licensed device, and the licensed device retrieves a common key for content decryption, which then decrypts the content.

#### **B. Transfer of Content Control Information**

Under the Compliance Rules, content marked with a Broadcast Flag is treated as having content control information of “EPN Asserted,” which means that the content will be subject to output and recording controls, but that no limit will be imposed on the number of protected copies that may be made.

For other types of content, MG-R(SVR) for Hi-MD supports the following content control information (*See Compliance Rules for details*):

1. Copy Never - No recording of Copy Never content is permitted by MG-R(SVR) for Hi-MD
2. No More Copies - No recording of No More Copies content is permitted by MG-R(SVR) for Hi-MD
3. Copy One Generation - such content is recorded securely by MG-R(SVR) for Hi-MD, and Copy Control Information is updated so as not to allow further copies.
4. EPN - such content is recorded securely by MG-R(SVR). Updating of Copy Control Information so as to restrict copies is not required, however outputs and recording methods are restricted so as to prohibit unauthorized redistribution.

#### **C. Recording**

In hardware implementations of MG-R(SVR) for Hi-MD, each licensed device has a unique key called “DNK.”

As a first step, before a recording can be made, the device compares its own EKB with the EKB in the medium, and the device uses whichever is the newer EKB version. Next, the device generates a content key for the specific piece of content to be recorded, and encrypts the content with that content key. Then the common key for encrypting the content key is retrieved from the DNK and newer version of the EKB. (As discussed below under Revocation, if the DNK in the device has been revoked, the licensed device is unable to retrieve a common key and cannot proceed further.) The common key in turn is used to encrypt the content key.

As a second step, the encrypted content, encrypted content key and a version number of the EKB file are stored onto Hi-MD medium.

In order to prevent unauthorized copying or unauthorized alteration of the content, the ICV is calculated and stored in the hidden area of a Hi-MD medium.

The AES cryptographic algorithm with a 128 bits key length is used for content encryption.

#### **D. Playback**

The licensed device reads the ICV from the hidden area of a Hi-MD medium, and confirms the integrity of the content. If the integrity is confirmed, the device reads out encrypted content, encrypted content key and version number of the EKB from Hi-MD medium. (If integrity is not confirmed, playback does not proceed.) From the EKB file and DNK installed in the device, the device retrieves a common key for content decryption, which then decrypts the content.

#### **E. Method Of Binding Content To A Medium**

As noted above, when recording content on a Hi-MD medium, MG-R(SVR) for Hi-MD records the ICV in the hidden area of the Hi-MD medium. Each Hi-MD medium is installed with a unique ID, which is used for the calculation of ICV. By this means, as discussed above, even if a bit by bit copy is made from one Hi-MD medium onto other Hi-MD medium, such copy will be rejected, prior to playback, during the integrity check process.

#### **F. Revocation**

MG-R(SVR) for Hi-MD has a mechanism for revoking the DNK which is uniquely assigned to and pre-installed in each licensed device. Revocation of a DNK is performed by means of propagating updated revocation information contained in the EKB. If a DNK has been revoked, the device that has had its DNK revoked will not be able to retrieve a common key that is necessary for decrypting content.

If Sony revokes a DNK based on Revocation Criteria and procedures described below, a new EKB that contains updated revocation information will be made available to licensees, who will be obligated to install such EKB in newly manufactured licensed devices.

In addition, Sony will provide updated software implementing MG-R(SVR) for Hi-MD with the new EKB containing the revocation information.

Revocation information is propagated by means of passing the latest version of the EKB containing the revocation information from a device / software to a Hi-MD medium whenever a recording is made. After the new EKB has been passed to the medium, this

medium passes the new EKB to a device / software when it plays back the content stored on this medium, and so on. In this manner, the EKB is passed to each device/software it encounters, propagating the new EKB exponentially, and eventually passing the revocation information to a device containing the revoked DNK.

#### **G. Scope of Redistribution**

MG-R(SVR) for Hi-MD is designed to permit recordings on a Hi-MD medium in a Secure Drive Module connected to a device via a secure authenticated channel over USB. The scope of redistribution is limited by the specification for MG-R(SVR) for Hi-MD, the Compliance Rules and by the physical characteristics of USB. In addition, the Hi-MD medium can be physically carried to other locations where the recorded content can be played back on compliant MG-R(SVR) for Hi-MD devices.

As discussed above, if a bit by bit copy of an MG-R(SVR) for Hi-MD recording is transmitted to an unauthorized device (e.g., over the Internet), the device will not be able to playback the content, because a non-licensed device will not be able to decrypt the MG-R(SVR) for Hi-MD recording and because the content is bound to the specific recording medium on which the authorized recording was made. In addition, as discussed in ¶ IV.F. *infra*, only DTCP and HDCP outputs are currently permitted under the Compliance Rules, neither of which permits unauthorized redistribution outside home and personal networks.<sup>3</sup> Similarly, Sony will not approve any output or recording technology

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<sup>3</sup> If the technology is incorporated into Computer Products, unencrypted DVI output is also permitted; however, this output will not be allowed for products manufactured after June 30, 2005.

in the future for use with MG-R(SVR) for Hi-MD that enables unauthorized electronic redistribution outside home and personal networks.

#### **H. Interoperability**

MG-R(SVR) for Hi-MD is interoperable with many devices through the output technologies approved in the Compliance Rules. The Compliance Rules permit analog output and DTCP and HDCP protected outputs, as well as additional secure digital outputs that Sony may approve in the future subject to the change management procedures discussed below. Licensed devices can therefore interoperate with various consumer electronics and IT devices through such outputs, while maintaining protection for Unscreened or Marked Content against unauthorized retransmission.

#### **II. Revocation of Compromised Keys**

This section addresses the revocation procedures that apply under the Basic CP Agreement and Video Addendum (together, the “Hardware Adopter Agreement”), Media Adopter Agreement and Content Participant Agreement. See ¶ I.F. *supra* for a technical discussion of the revocation mechanism.

Revocation may be requested by a content owner who has signed a Content Participant Agreement (a “Content Participant”) only on the basis that one or more of the following Revocation Criteria are met:

1. a DNK has been cloned such that the same DNK is found in more than one device or product;
2. a DNK has been lost, stolen, intercepted or otherwise misdirected or made public or disclosed in violation of a Hardware Adopter Agreement.

The Video Addendum and Content Participant Agreement set forth detailed procedures to address disputes, through arbitration, as to whether or not one or more of the Revocation Criteria have been met. In addition to Revocation requests initiated by Content Participants, Sony will revoke a DNK if it is ordered to do so by court order or other competent government authority.

The Video Addendum includes detailed procedures regarding notices to licensees with respect to a proposed Revocation of a DNK issued to the licensee and opportunity for affected licensees to object to the proposed revocation and initiate an arbitration to resolve the dispute.

The Revocation procedures are set out in Section 6 of the Content Participant Agreement (attached as Exhibit C) and Article V of the Video Addendum (attached as Exhibit E).

Once Revocation has been ordered by an arbitrator (or court order), Sony will issue new revocation lists ("Revocation Information") containing updated Revocation information. Licensees are required under the Video Addendum to incorporate the updated Revocation Information in licensed devices within sixty days of receiving the new Revocation Information.

### **III. Support of the Technology by Content Owners, Broadcasters or Equipment Manufacturers**

We have been informed by Fox, Warner Bros. and Sony Pictures Entertainment that those motion picture studios have reviewed the MG-R(SVR) technology and approved the technology as meeting sufficient levels of security and protection against unauthorized

redistribution. As the license agreements have just been finalized, we understand that those studios reserve final approval pending review of the license agreements.

#### **IV. Licensing Terms**

Sony makes available four types of licenses for the implementation of the MG-R(SVR) for Hi-MD technology (each, an "Adopter Agreement"): (1) the "Hi-MD – Secure Video Recording Format – Content Protection License Agreement" for implementation in hardware products that securely record and/or play back audio content on Hi-MD media and implement certain functions necessary for secure recording of video content on Hi-MD media (the "Basic CP Agreement"); (2) the "Video Addendum to the Hi-MD – Secure Video Recording Format – Content Protection License Agreement," which supplements the Basic CP Agreement to extend the agreement to cover implementation in hardware products that securely record and playback video content using MG-R(SVR) for Hi-MD (the "Video Addendum"); (3) the "Hi-MD Recordable Media – Secure Video Recording Format – Content Protection License Agreement" for implementation in Hi-MD media (the "Media Adopter Agreement"); and (4) the "Hi-MD Secure Video IC – Secure Video Recording Format – Content Protection License Agreement" for implementation in integrated chips (the "IC Adopter Agreement") used in video player/recorders using MG-R(SVR) for Hi-MD. Sony also makes available the "Hi-MD System – Secure Video Recording Content Participant Agreement" for content owners (the "Content Participant Agreement").

The Adopter Agreements each authorize licensees to implement MG-R(SVR) for Hi-MD in conjunction with Hi-MD products. They do not, however, include rights to the

underlying Hi-MD basic format, which are covered by a separate format license (“Format License Agreement”).<sup>4</sup>

Sony will offer all Adopter Agreements on a nondiscriminatory basis to any entity that wishes to implement MG-R(SVR) for Hi-MD in a Hi-MD product using the Hi-MD format licensed to the licensee under a Format License Agreement. Content Participant Agreements will also be available on a nondiscriminatory basis to owners of Commercial Audiovisual Content (as defined in the Content Participant Agreement).

**A. Hardware Adopter Agreement (Basic CP Agreement and Video Addendum)**

In order to make a product capable of playing back MG-R(SVR) for Hi-MD protected audiovisual content, a licensee needs to take out both a Basic CP Agreement and a Video Addendum. Under the Basic CP Agreement, licensees receive a specification that is used to implement MG-R(SVR) for Hi-MD in products capable of recording and playing back audio content (a “Licensed Audio Product”) as well as to implement certain functionality in video products manufactured under the Video Addendum (“Licensed Video Products”). Under the combined set of the Basic CP Agreement and Video Addendum (together, the “Hardware Adopter Agreement”) licensees obtain the right to implement MG-R(SVR) for Hi-MD in products that securely record and playback audiovisual content using MG-R(SVR) for Hi-MD. Licensees are authorized under the Hardware Adopter Agreement to implement MG-R(SVR) for Hi-MD in products that (i) incorporate a secure integrated chip (“Secure IC”) manufactured under a IC Adopter Agreement (see below), a

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<sup>4</sup> Inasmuch as the format licenses do not cover MG-R(SVR) (i.e., the copy protection method used on the underlying format), we do not address such format licenses in this petition.

unique DNK and certain revocation information and (ii) comply with the Compliance Rules and Robustness Rules (discussed below). A licensee may purchase the Secure IC from any entity that has executed an IC Adopter Agreement, or it could itself execute an IC Adopter Agreement and manufacture the Secure IC itself. The licensee will purchase the Device Node Keys from Sony (or a Sony affiliate). The form Basic CP Agreement and form Video Addendum are attached as Exhibits D and E respectively. Both Licensed Video Products and Licensed Audio Products must comply with the Robustness Rules (*see* ¶ IV.G. *infra*). Licensed Video Products must also comply with the Compliance Rules (*see* ¶ IV.F. *infra*).

#### **B. Media Adopter Agreement**

Under the Media Adopter Agreement, licensees obtain the right to implement MG-R(SVR) for Hi-MD in Licensed Products in the form of Hi-MD media. The form Media Adopter Agreement is attached as Exhibit F.

#### **C. IC Adopter Agreement**

Under the IC Adopter Agreement, licensees have the right to obtain from Sony design data for certain core functions of MG-R(SVR) for Hi-MD, including but not limited to cryptographic calculation and key management, and to implement MG-R(SVR) for Hi-MD in integrated chips manufactured based on such design data. The form IC Adopter Agreement is attached as Exhibit G.

#### **D. Content Participant Agreement**

The Content Participant Agreement grants rights to Content Participants to (a) request revocation of Device Node Keys if the Revocation Criteria (*see* ¶ II *supra*) have

been met; (b) receive notice of and object to certain changes to the Adopter Agreements, Compliance Rules and Robustness Rules (*see* ¶¶ IV.F, IV.G, *infra*); and (c) receive third-party beneficiary rights under the Adopter Agreements to permit them to enforce against a licensee, through injunctive and other equitable relief, compliance with the specification and certain confidentiality obligations and, in the case of the Hardware Adopter Agreement, the obligations set forth in the Robustness Rules and the Compliance Rules<sup>5</sup>. (In return, the Content Participant Agreement grants licensees a right to enforce against a Content Participant, through injunctive and other equitable relief, the obligations set forth in the “Encoding Rules” of the Content Participant Agreement.) Content Participants are also subject to “encoding rules” that are modeled on encoding rules contained in other content protection licenses and in the Commission’s multichannel video program distribution regulations at Title 47 Code of Federal Regulations, Part 76, Subpart W – Encoding Rules.

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<sup>5</sup> The Content Participant’s rights to seek revocation and enforce compliance with the Compliance Rules and Robustness Rules extend under the Content Participant Agreement to MG-R(SVR) for Hi-MD products that Sony itself manufactures. Under Section 12.1 of the Content Participant Agreement, Sony commits that its products that implement the applicable specifications for MG-R(SVR) for Hi-MD will comply with such specifications, as well as any applicable Compliance Rules and Robustness Rules then in effect under an Adopter Agreement (provided that with respect to Sony’s software products, Sony need not comply with portions of the specification that do not apply to software). Content Participants have the right to seek revocation of device node keys in Sony’s products and to enforce Sony’s compliance with the specification, Compliance Rules and Robustness Rules.

#### **E. Fees**

Under the Content Participant Agreement, Content Participants pay an annual fee. Under each of the Adopter Agreements, the licensee pays a one-time fee. In addition, under the Video Addendum, the licensee pays a per Device Node Key fee. The specific fees payable under each of the agreements are set forth in the following table.

#### **Hi-MD**

License	One-Time Fee	Per Device Node Key Fee
Hardware Adopter Agreement	JPY 300,000	JPY 2 per key
Media Adopter Agreement	JPY 300,000	N/A
IC Adopter Agreement	JPY 10,000,000	N/A
Content Participant Agreement	US \$ 12, 000	N/A

#### **F. Compliance Rules**

All Licensed Video Products manufactured under the Hardware Adopter Agreement are required to comply with the Compliance Rules, which restrict the output and recording methods that may be used with respect to MG-R(SVR) for Hi-MD protected content (including MG-R(SVR) for Hi-MD protected Marked Content and Unscreened Content.)

##### **1. Output Controls**

Section 3 of Compliance Rules prohibits a Licensed Video Product from outputting Decrypted SVR Data (as defined in the Compliance Rules) via a digital output, except for DTCP-protected outputs and HDCP-protected outputs and, solely for licensed devices manufactured on or prior to June 30, 2005 and incorporated into computer products, as a

constrained image to DVI outputs. The Compliance Rules contemplate that additional secure outputs may be authorized from time to time in accordance with the change procedures summarized in ¶ IV.H. *infra*.

Sections 3.1 and 3.2 of the Compliance Rules require certain copy protection measures to be applied to standard definition and high-definition analog outputs, respective.

## 2. Recording Controls

The recording controls applicable to DTV content marked with a Broadcast Flag are included in the Compliance Rules. Section 2.1.4 applies to content marked with the Broadcast Flag and other content labeled “EPN Asserted”, and permits recordings to be made on Hi-MD media using MG-R(SVR) for Hi-MD with the corresponding CCI labeled as “EPN Asserted.”

If MG-R(SVR) for Hi-MD-protected EPN content stored on Hi-MD media is copied from the Hi-MD Media to an HDD in the same integrated product, the HDD recording must be a Bound Recording (as defined in the Compliance Rules). A Bound Recording so made on the HDD may later be copied to Hi-MD media using MG-R(SVR) for Hi-MD.

The Compliance Rules are set out in Exhibit C to the Video Addendum (which is attached hereto as Exhibit E.

## **G. Robustness Rules**

The Robustness Rules, which are included in the Basic Hardware Adopter Agreement, impose requirements on all licensed products (manufactured under either the Basic Adopter Agreement or under the Video Addendum) that are at least as protective of DTV content as are the requirements imposed on Demodulator Products under 47 C.F.R. §

73.9006 and 47 C.F.R. § 73.9007. The Robustness Rules, which were modeled on and closely track the DFAST license robustness rules, are set out in Exhibit D to the Basic CP Agreement, which is attached hereto as Exhibit D.

#### **H. Change Provision**

The MG-R(SVR) for Hi-MD Adopter Agreements prohibit any revisions to the SVR CP Specifications, Compliance Rules or Robustness Rules that would materially increase the cost or complexity of implementation of licensed devices, or that would require material modifications to product design or manufacturing processes of licensed devices, with the exception of changes that are necessary to ensure and maintain necessary protection of content that is recorded onto Hi-MD media or played back using the MG-R(SVR) for Hi-MD from Hi-MD media. In all circumstances, licensees are provided at least 18 months notice before being required to comply with any changes to the SVR CP Specifications, Compliance Rules or Robustness Rules. The specific provisions are set out in Article III in each Adopter Agreement.

Under the Content Participant Agreement, Content Participants are granted certain “change management” rights with respect to certain proposed amendments to the Specification, Compliance Rules, Robustness Rules and the terms of the Adopter Agreements. A Content Participant will receive advance notice of a Sony Developer’s Proposed Action (as defined in Section 3.6 of the Content Participant Agreement), and will have fifteen business days in which to file a written objection to such action on the basis that the Content Participant believes the action will have a material and adverse effect on the integrity or security of MG-R(SVR) for Hi-MD, the operation of MG-R(SVR) for

Hi-MD with respect to protection of content from unauthorized transmission, interception or copying, or the rights of Content Participants with respect to MG-R(SVR) for Hi-MD. Disputes with respect to such objections will be resolved by arbitration. The specific provisions are set out in Sections 3.5 and 3.6 of the Content Participant Agreement.

#### **I. Approval Procedures for Downstream Transmission and Recording**

##### **Methods**

Sony recognizes that it is essential to maintaining content protection that MG-R(SVR) for Hi-MD protected content be handed off only to output and recording technologies that provide sufficient levels protection, including but not limited to protection against unauthorized redistribution of Unscreened and Marked Content. For that reason, Sony will not authorize any technologies that do not provide for levels of protection (including, taking into account security, robustness and output and recording rules) at least as protective than MG-R(SVR) for Hi-MD itself provides.

In addition to Sony's own commitments to ensuring that any downstream technologies provide adequate protection, the MG-R(SVR) for Hi-MD the Content Participant Agreement provides for "change management" rights, which require Sony to notify its Content Participants of any proposed additions of new output or recording technologies, and allows Content Participants to object to and block the addition of any downstream output and recording technologies in the Compliance Rules that have a material and adverse effect on the integrity or security of MG-R(SVR) for Hi-MD, or the operation of MG-R(SVR) for Hi-MD with respect to protecting Commercial Audiovisual

Content from any unauthorized output, transmission, interception or copying, or the rights of Content Participant with respect to MG-R(SVR) for Hi-MD.

**V. How the Technology Accommodates Consumers Enjoyment of DTV Broadcast**

The introduction of MG-R(SVR) for Hi-MD will usher in a new era for consumers in the enjoyment of DTV content, while providing content owners with the piece of mind that their content is securely protected. If certified by the Commission, MG-R(SVR) for Hi-MD will allow consumers to carry their favorite DTV content with them on a medium so tiny that it can slide into a wallet for playback on devices small enough to fit in the palm of one's hand. No longer will the long commute on the train be drudgery; rather, it will be an opportunity to catch up one's favorite DTV shows. The Hi-MD medium's small size also enables convenient physical transportation of the content for playback on a compliant device in a different location, such as a second home or a neighbor's home. In short, MG-R(SVR) for Hi-MD achieves the delicate balance of affording consumers a new and user-friendly way to enjoy DTV content, while helping to ensure the availability of high-value DTV content by providing content owners with a protected format for the secure, reasonable recording of their programming.<sup>6</sup>

Respectfully submitted,

/s/ Yuji Arataki

Yuji Arataki

MD Project Manager

MD Project Manager

Group 5, Networked CE Development Laboratories

Sony Corporation

6-7-35 Kitashinagawa, Shinagawa-ku, Tokyo, 141-0001, Japan

Exhibit A – MagicGate Type-R for Secure Video Recording for Hi-MD

- Technical Guidance Document - Ver.1.00-01

Exhibit B – MagicGate Type-R for Secure Video Recording for Hi-MD Specification

- Informational Version - Ver.1.00-01–

Exhibit C – Hi-MD System – Secure Video Recording Content Participant Agreement

(“Content Participant Agreement”)

Exhibit D – Hi-MD – Secure Video Recording Format – Content Protection License

Agreement – (“Basic CP Agreement”)

Exhibit E – Video Addendum to the Hi-MD - Secure Video Recording Format -

Content Protection License Agreement (“Video Addendum”)

Exhibit F – Hi-MD Recordable Media – Secure Video Recording Format –

Content Protection License Agreement (“Media Adopter Agreement”)

Exhibit G – Hi-MD Secure Video IC – Secure Video Recording Format –

Content Protection License Agreement (“IC Adopter Agreement”)

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<sup>6</sup> See *Id.* at ¶ 1, 4.

**MagicGate Type-R**  
**for Secure Video Recording**  
**for Hi-MD**  
**- Technical Guidance Document -**  
**Ver.1.00-01**

**March 1, 2004**

**Sony Corporation**

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The reference to the trademarks and copyrights are omitted in this document.

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## **1. Introduction**

### **1.1 Purpose and Scope**

MagicGate Type-R for Secure Video Recording (abbreviated as MG-R(SVR) hereinafter) for Hi-MD is a video content protection mechanism to perform authorized recording by devices/application software and media, which are compliant with MG-R(SVR) for Hi-MD. This document describes concisely the specifications that MG-R(SVR) for Hi-MD Compliant Devices, MG-R(SVR) for Hi-MD Compliant Software, and MG-R(SVR) for Hi-MD Compliant Media shall satisfy to establish compatibility, the key management system for content protection and the procedures to encrypt/decrypt content using MG-R(SVR) for Hi-MD Compliant Media as the recording media.

### **1.2 Abbreviations and Acronyms**

The following abbreviations and acronyms are used in this document:

DKS	Device Key Set
DNK	Device Node Key
EKB	Enabling Key Block
ICV	Integrity Check Value
MAC	Message Authentication Code
MG	MagicGate
MG-IP	MagicGate Intellectual Property
MG-R	MagicGate Type-R
MG-R (SVR)	MagicGate Type-R for Secure Video Recording
NVM	Non-Volatile Memory
SAC	Secure Authenticated Channel

## **2. Technologies Specified in MG-R (SVR) for Hi-MD**

The following technologies and requirements are specified in MG-R (SVR) for Hi-MD:

- 1) Requirements for the media and devices/application software  
Specifies the required items for media and devices/application software compliant with MG-R (SVR) for Hi-MD.
- 2) Usage Control information  
Specifies usage control information covered on MG-R (SVR) for Hi-MD.
- 3) Key Management System  
Specifies key management system applied at playback/recording.
- 4) Encryption method  
Specifies the method for encryption of contents, and protection of content keys.
- 5) Protection method from illegal alteration
- 6) Compliance Rules
- 7) Robustness Rules

In this document, 1)~5) above are specified in the following chapters.

### 3. Requirements for MG-R(SVR) for Hi-MD Compliant Media

In order to protect content with MG-R(SVR) for Hi-MD technology, MG-R(SVR) for Hi-MD Compliant Media (Hi-MD Media) shall have each Media Unique ID and Hidden Area on the medium.

A Media Unique ID is assigned by the licensor of MG-R(SVR) for Hi-MD, and it is written on each Hi-MD medium. This Media Unique ID is used for calculations and checks in MG-R(SVR) for Hi-MD technology to protect content. The method to retain a Media Unique ID differs by the type of Hi-MD media.

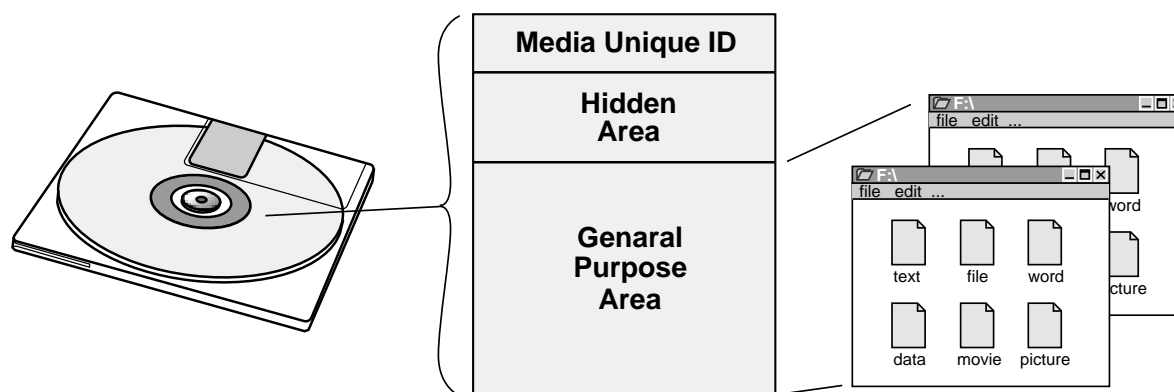
Hi-MD media are categorized in two types, and their Media Unique IDs are assigned as bellows:

(1) **“Hi-MD 300MB”:**

When a medium that is for MiniDisc System, is formatted in a MG-R(SVR) for Hi-MD Compliant Device (Device), a 128 bits Media Unique ID is assigned by the Device and is written onto the medium by the Device, then this is called Hi-MD 300MB and be one of MG-R(SVR) for Hi-MD Compliant Media. Device is designed as that it can neither rewrite nor change the Media Unique ID only except when being formatted, pursuant to MG-R(SVR) for Hi-MD specification(Specification)

(2) **“Hi-MD 1GB”:**

A 128 bits Media Unique ID is written onto the medium when the medium is produced by a licensee of MG-R(SVR) for Hi-MD media license.



**Figure 1 Requirement for MG-R(SVR) for Hi-MD Compliant Media**

Some Devices may be used as a storage media drive in Personal Computers (PC). In such a case, files stored on a Hi-MD medium are accessed (“read” and “written”) by the PC Operational System as that files are in general storage area, so that file browser application software such as Explorer, can access to them. The area is called General Purpose Area.

Hi-MD media have another special storage area which can be accessed only by DEVICE/SOFTWARE. This area is called Hidden Area.

Hidden Area is required to keep special value used to check the integrity of the content on Hi-MD media.

#### **4. Requirements for MG-R(SVR) for Hi-MD Compliant Devices**

In order to protect content with MG-R(SVR) for Hi-MD technology, MG-R(SVR) for Hi-MD Compliant Device (DEVICE) shall have both MG-R(SVR) for Hi-MD Secure Video Module (Secure Video Module) and Device Key Set for MG-R(SVR) for Hi-MD (DKS).

Cryptographic calculation and key management for MG-R(SVR) for Hi-MD technology are performed by Secure Video Module. Secure Video Module is developed by the licensor of MG-R(SVR) for Hi-MD IC License. The Secure Video Module in a form of hard-wired logic data is called MG-R(SVR) for Hi-MD MagicGate IP (MG-IP), and is delivered to the licensee of MG-R(SVR) for Hi-MD IC License. With MG-IP, a function of Secure Video Module can be implemented in a LSI. Then DEVICE can have a function of Secure Video Module with LSI that has a MG-IP inside.

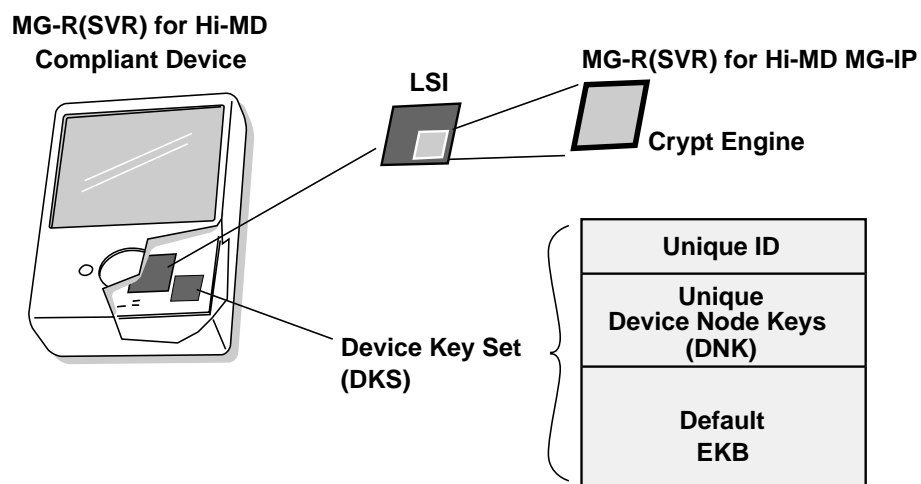
Device Key Set which is hereinafter referred to as DKS, is a set of three data: (1) Unique ID, (2) Device Node Key and (3) Default Enabling Key Block.

A Unique ID is a ID number which is unique across MG-R(SVR) for Hi-MD and it is assigned by Licensor.

Device Node Key which is hereinafter referred to as DNK, is a set of keys used for Key Management in MG-R(SVR) for Hi-MD. The information of each DNK is also unique to the individual Device and it is assigned by Licensor.

Default Enabling Key Block, (hereinafter Enabling Key Block is referred to as EKB ) is used to record content using MG-R(SVR) for Hi-MD technology. Default EKB is generated by Licensor.

The licensee of the MG-R(SVR) for Hi-MD Hardware License shall embed a DKS which is supplied by MG-R(SVR) for Hi-MD Hardware License (Licensor), onto the each Device when produced, in pursuant to Specification and license agreement. DKS is, for instance, stored securely into the Non-Volatile Memory (NVM) mounted on Device.



**Figure 2 Requirement for MG-R(SVR) for Hi-MD Compliant Devices**

## 5. MG-R(SVR) for Hi-MD Compliant Software

The Licensor prepares a software solution which can be executed on common Operating Systems such as Windows. The software is called MG-R(SVR) for Hi-MD Compliant Software (SOFTWARE). SOFTWARE is protected using Software Tamper Resistant Technique which designed only by the Licensor, instead of MG-IP for Device. SOFTWARE shall have a DNK inside.

When SOFTWARE is used with connection to Secure Drive Module, content can be recorded/played back on Hi-MD Media using MG-R(SVR) for Hi-MD.

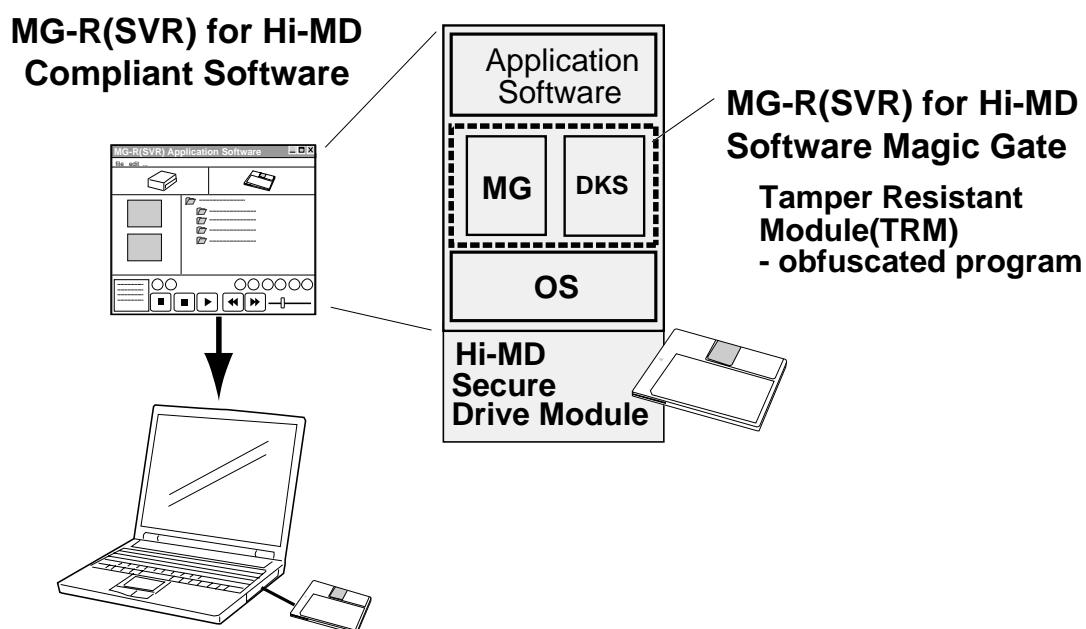


Figure 3 Requirement for MG-R(SVR) for Hi-MD Compliant Software

## 6. Structure of MG-R(SVR) for Hi-MD Compliant Devices

According to the requirements to Device, Device shall be designed and produced so as to that, for instance, MG-IP is embedded into an LSI to implement the function of Secure Video Module on the device, and it is connected to the NVM which DKS is preserved on securely.

And, for example, the LSI is connected to Secure Drive Module which is to be communicated with MG-R(SVR) for Hi-MD Secure Video Module.

MG-R(SVR) for Hi-MD Compliant Device is designed carefully pursuant to MG-R(SVR) for Hi-MD Robustness Rules.

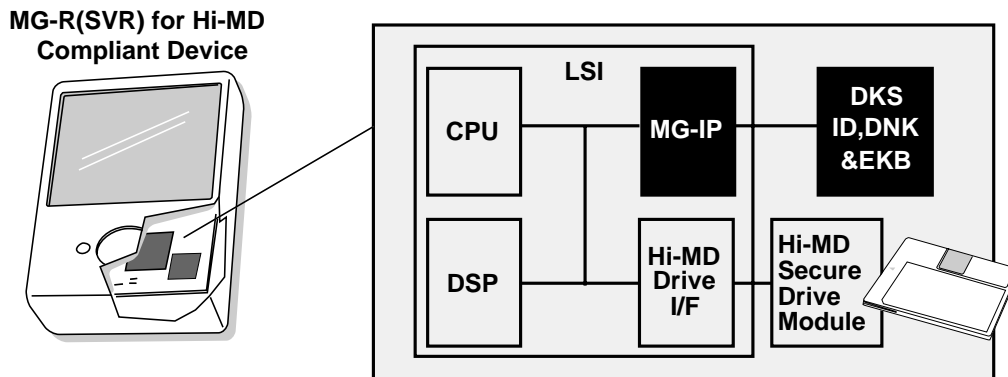


Figure 4 An example of the block diagram of a compliant device

## **7. Protection of Data via USB**

MG-R(SVR) for Hi-MD specification can be implemented as Secure Video Module and MG-R(SVR) for Hi-MD Secure Drive Module (Secure Drive Module). Here, Secure Video Module is a functional block which has a capability to access to Hidden Area and General Purpose Area on Hi-MD Medium pursuant to Specification.

Secure Video Module and Secure Drive Module may be contained in a single device as MG-R(SVR) for Hi-MD, in which case the device has capability to encrypt video content and record it by itself on Hi-MD medium.

Secure Video Module and Secure Drive Module may also be contained in separate devices, in which case the devices are connected with USB complying with provisions in Specification and Robustness Rules, it is regarded as an internal bus and data transfer is permitted.

Content Protection Related Information is written and read out on the Hidden Area of Hi-MD Medium at the Secure Drive Module by Secure Video Module using USB while SAC is established between Secure Drive Module and Secure Video Module.

In case that a device with Secure Drive Module merely has read in/ write out function without capability to record/play back Content using MG-R(SVR) for Hi-MD on itself. (A typical for example, is implementation of Secure Video Module as PC software, and Secure Drive Module as Hi-MD audio recorder player without video recording/playback capability).

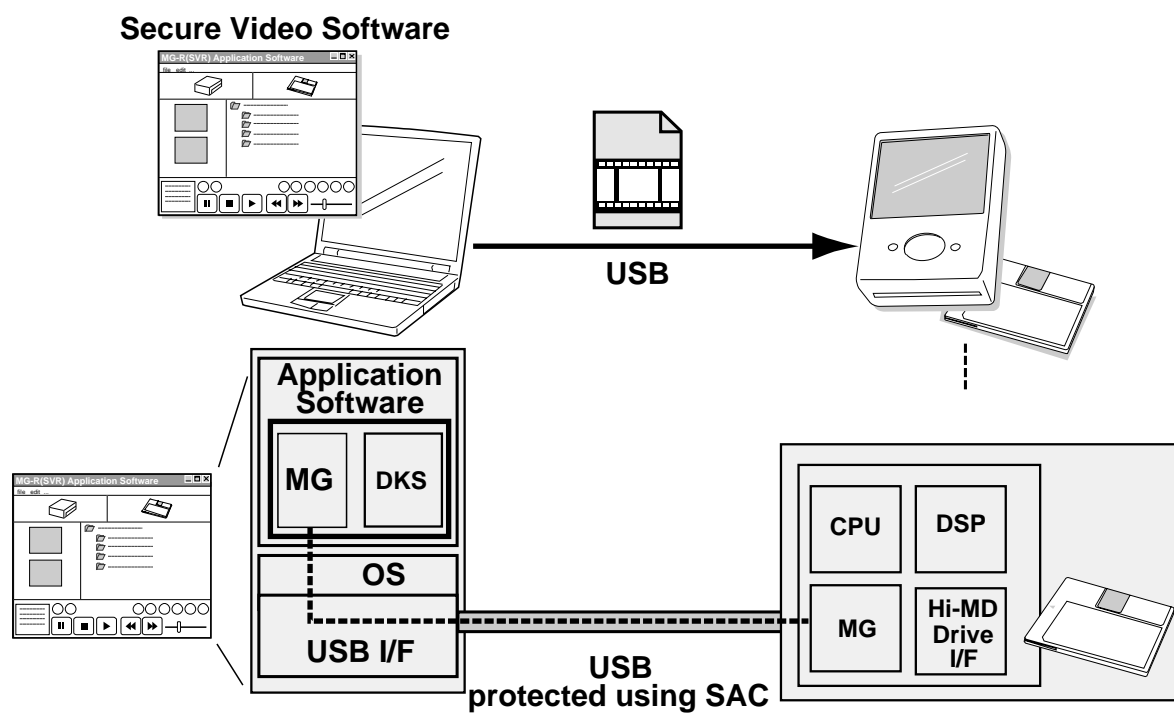


Figure 5 Protection of user accessible BUS using SAC

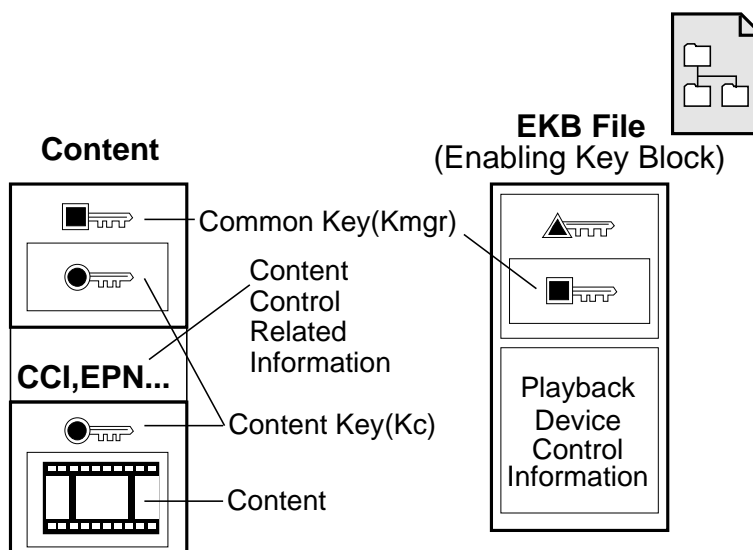
## 8. Content Using MG-R(SVR) for Hi-MD

While content is recorded, content data and EKB is stored onto the Hi-MD Medium.

The content data consists of three data: (1) Encrypted content, (2) Content Protection Related Information which has Content Control Information including CCI(Copy Control Information), EPN(Encryption Plus Non-assertion), ICT(Image Constraint Token), and APSTB(Analog Protection System Trigger Bit), and (3) Content Key encrypted by the Common Key (Kmgr).

AES is used as the encryption algorithm to encrypt the content and the length of Content Key (Kc) is 128 bits. Kmgr which is used to encrypt Kc, is retrieved by Secure Video Module in DEVICE/SOFTWARE with EKB and DNK.

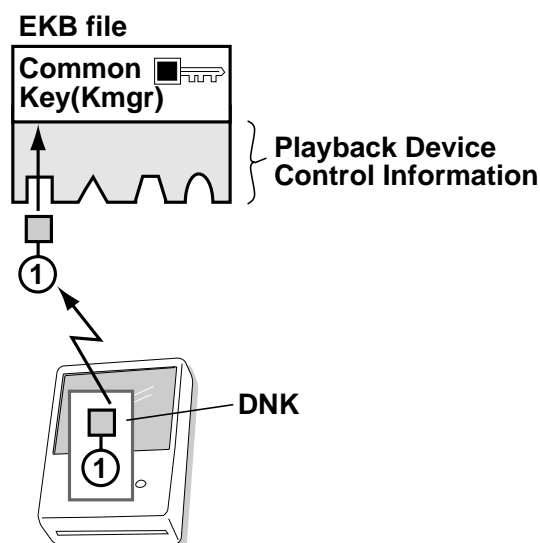
An EKB file consists of embedded Kmgr and Playback Device Control Information.



**Figure 6 Content using MG-R(SVR)**

## 9. Retrieving Common Key with EKB and DNK

In order to retrieve the Common Key (Kmgr), an EKB, and the DNK which is embedded in a DEVICE/SOFTWARE, are used. When DEVICE/SOFTWARE accesses EKB, DEVICE/SOFTWARE retrieves Kmgr using EKB including Playback Device Control Information that describes the method of combining EKB and DNK.



**Figure 7 The relationship between EKB and DNK**

## 10. Revocation using renewed EKB

In order to revoke illegitimate DEVICE/SOFTWARE, Licensor renews Kmgr and the Playback Device Control Information. Both of them are provided by Licensor with the renewed EKB so that illegitimate device/software cannot retrieve the renewed Kmgr with combining renewed EKB and its own DNK.

When illegitimate device/software accesses the renewed EKB, it cannot combine renewed EKB and its own DNK using renewed Playback Device Control Information and Kmgr cannot be retrieved. As a result, the illegitimate device/software is revoked.

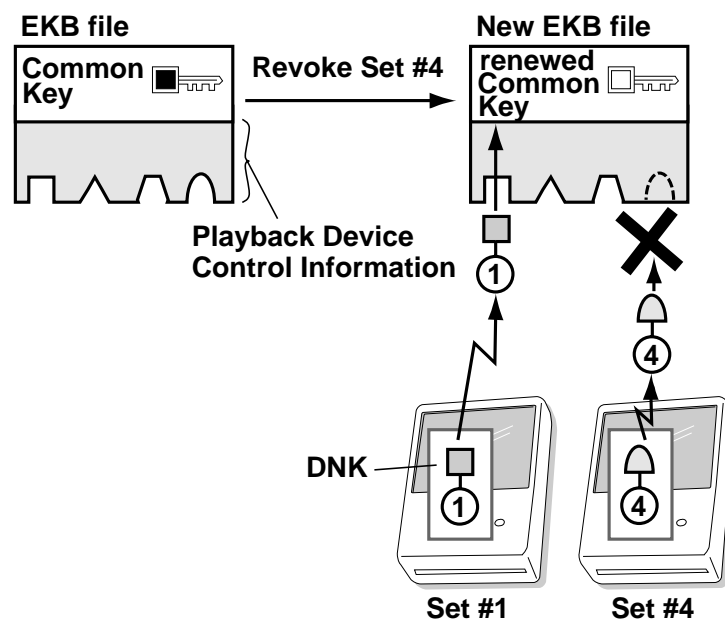


Figure 8 Revocation using renewed EKB

## **11. Procedure of Playback and Recording**

### **11.1 Recording Procedure**

While MG-R(SVR) for Hi-MD makes recording content onto the Hi-MD Media, a Recording Procedure in accordance with MG-R(SVR) for Hi-MD Specification is performed by DEVICE/SOFTWARE.

The DEVICE/SOFTWARE, at first, retrieves Kmgr with EKB and DNK. In case there is no EKB file on the Hi-MD Medium, Default EKB is used as the EKB to retrieve Kmgr.

If the Hi-MD Medium already has one or more EKB file(s) whose version number is greater than the version number of the Default EKB in the DEVICE/SOFTWARE, the EKB file with the highest version number is used instead of Default EKB, to retrieve Kmgr.

Even if the Hi-MD Medium already has one or more EKB file(s), and in case none of them has a greater version number, Default EKB is used to retrieve Kmgr.

During this process, if Default EKB is used for retrieving Kmgr, an EKB file which is created from the information in the Default EKB, according to MG-R(SVR) for Hi-MD Specifications, and the EKB file is stored to the Hi-MD Medium.

The Content Key Kc is generated by a random number generator. This Kc is encrypted by the Kmgr which is obtained in the previous process, and this encrypted Kc is stored onto the Hi-MD Medium.

And the content to be recorded onto the Hi-MD Medium, is encrypted by the Kc pursuant to Specification in Secure Video Module. Then the encrypted content is stored onto the Hi-MD Medium.

The Content Control Related Information which is associated with the content is also stored onto the Hi-MD Medium.

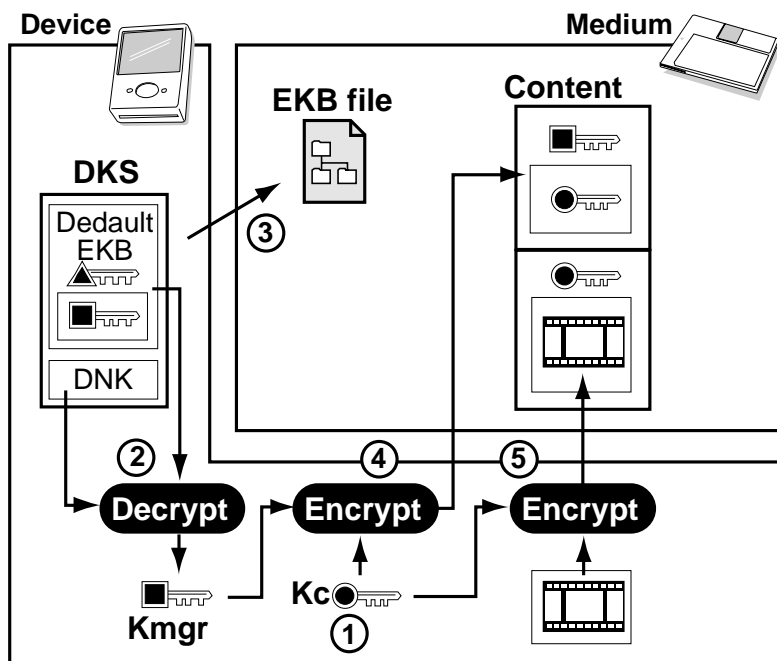


Figure 9 Recording procedures

## 11.2 Playback Procedure

While DEVICE/SOFTWARE plays back the content which is recorded on the Hi-MD Media, a Playback Procedure in accordance with Specification is performed by DEVICE/SOFTWARE.

The DEVICE/SOFTWARE, at first, retrieves Kmgr with DNK and EKB of the version number stored in the information associated with the content.

During this process, an illegitimate device or software cannot obtain Kmgr and this means it is revoked. The device cannot process the next step.

Only DEVICE/SOFTWARE which already retrieved the Kmgr, can decrypt the Kc which was

encrypted by Kmgr, and used for encrypting the content when recorded, from information associated with the content. Thus, Kc is obtained in DEVICE/SOFTWARE.

Then, with Kc, the stored Content data which was encrypted by the Kc, is decrypted in pursuant to Hi-MD Specification. The result of this decryption is the content to be played back, then DEVICE/SOFTWARE could play back the content, while an illegitimate device or software can not playback the content.

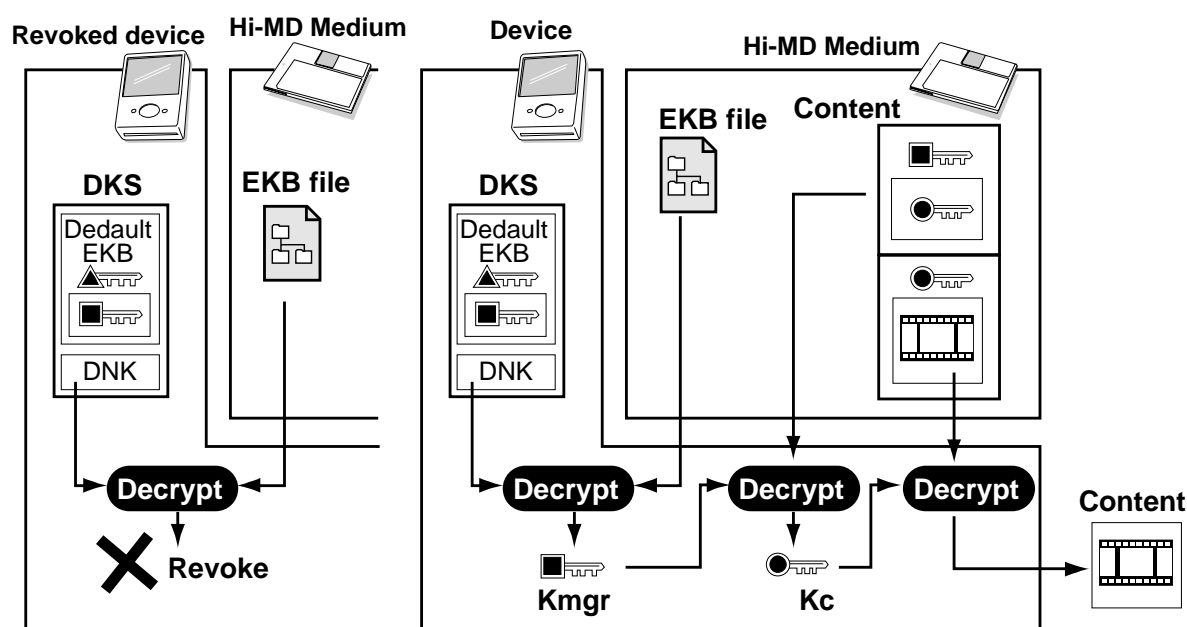


Figure 10 Playback procedures

## **12. Propagation of EKB File to revoke illegitimate device/software**

An EKB file is effective to revoke illegitimate devices/software, described in the previous section. MG-R(SVR) for Hi-MD has a system which encourage that EKB files are propagated widely.

In order to revoke illegitimate device/software properly, when an illegitimate device/software is found, Licensor issues a new EKB file. This new EKB file is propagated pursuant to the provision of license agreement.

MG-R(SVR) for Hi-MD prepares various paths to propagate EKB files.

In case there is no EKB file on the Hi-MD Medium, the Default EKB embedded in the DEVICE/SOFTWARE is used when recording content, and the EKB file is created by the default EKB is stored.

If the Hi-MD Medium already has one or more EKB file(s) whose version number is greater than the version number of the Default EKB in the DEVICE/SOFTWARE, the EKB file with the highest version number is used instead of Default EKB.

Some of MG-R(SVR) for Hi-MD Compliant Devices and MG-R(SVR) for Hi-MD Software themselves may replace their own Default EKB to new Default EKB which is created from the information in a new EKB file, and the new Default EKB then has a new Playback Device Information.

After the occasion that once new EKB is released by the licensor of MG-R(SVR) for Hi-MD, new DEVICE/SOFTWARE produced have to embedded the new EKB on it pursuant to the license agreement.

The new DEVICE/SOFTWARE stores new EKB created from the Default EKB which has new Play back Device Control Information and new Kmgr, onto the Hi-MD Medium while recording.

Some DEVICE/SOFTWARE which can be connected to the Internet, obtain the latest EKB from MG-R(SVR) for Hi-MD Server via the Internet.

As described above, DEVICE/SOFTWARE and Hi-MD Media contribute to propagate new EKB files and propel to revoke illegitimate device and software. And if illegitimate device/software

accesses the new EKB file propagated by one of the above, it is revoked.

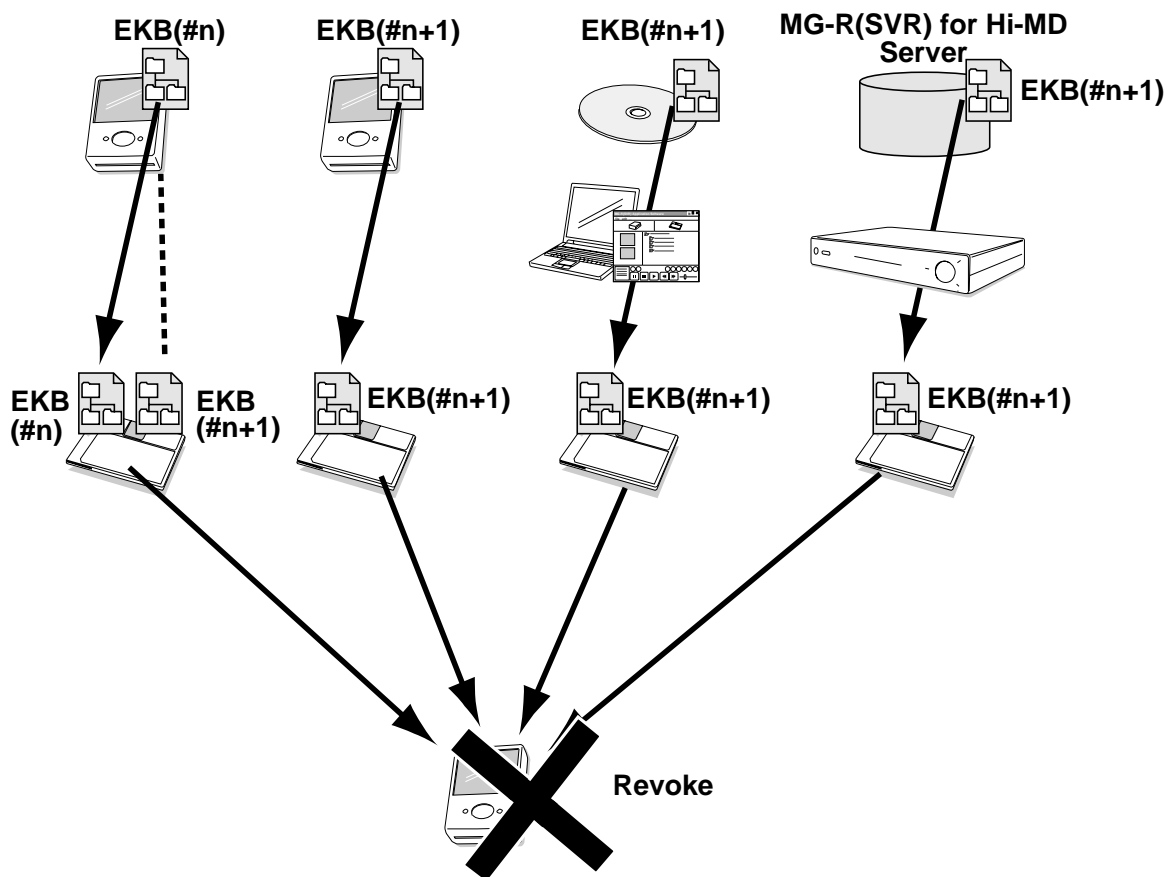


Figure 11 Procedure to Revoke a device with an EKB File

### **13. Method of Binding Content to the Medium**

MG-R(SVR) for Hi-MD adopts the system to bind recorded content to the Hi-MD Media.

Each recorded content has Content Key encrypted by the Common Key (Km<sub>gr</sub>), and its associated Content protection related information (Content Control Information including CCI, EPN, ICT and APSTB). Each time when DEVICE/SOFTWARE records content, the procedure to bind these data to the Hi-MD Medium is performed, pursuant to MG-R(SVR) for Hi-MD Specification

All values of the data are hashed, and the result is called Content MAC Value. Here, MAC is a abbreviation of Message Authentication Code.

All Content MAC Values which are associated to each content through the Hi-MD Medium, are gathered in one list called MACLIST. This MACLIST is hashed using both the Media Unique ID which is embedded on the Hi-MD Medium, and the version number of the latest EKB stored on the Hi-MD Medium. The result is Integrity Check Value which is represented as ICV hereinafter. ICV is stored in Hidden Area on the MG-R(SVR) for Hi-MD Medium, securely pursuant to Specification.

When DEVICE/SOFTWARE plays back the content. DEVICE/SOFTWARE has procedure to check whether the stored ICV in Hidden Area on the Hi-MD Medium, and the recalculated ICV which is obtained with MACLIST, the version number of the latest EKB on the Hi-MD Medium and its Media Unique ID, read out from the Hi-MD Medium, are equal.

If any part of the protected data associated to the content is modified not pursuant to MG-R(SVR) for Hi-MD Specification, - which means that it has been modified illegally -, the value of the stored ICV and the value of the recalculated ICV do not match, then illegal modification is found. Then DEVICE/SOFTWARE aborts the playing back process.

Thus, in consequence, illegal modification of Content Related Information is found by the process of checking ICV, and the associated content can not be played back on DEVICE/SOFTWARE.

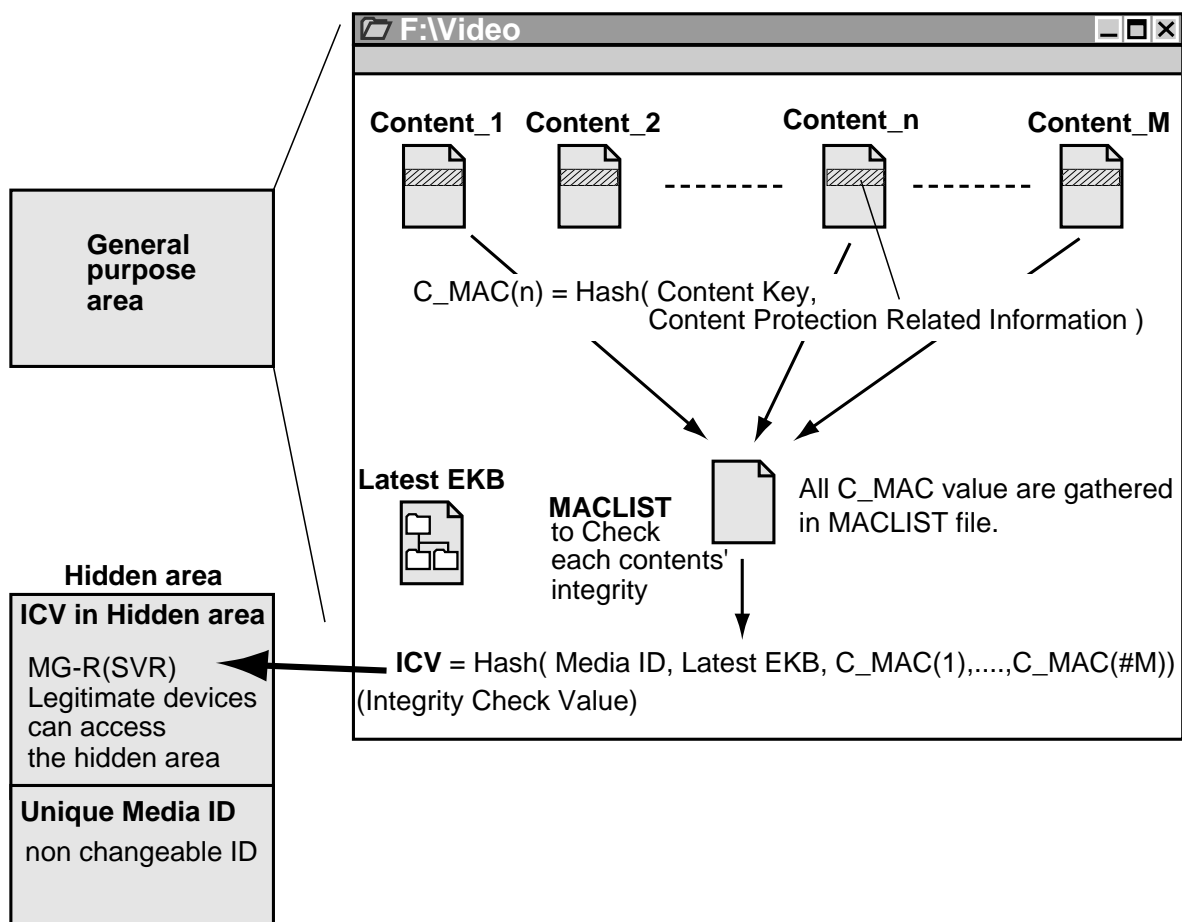


Figure 12 Method of Binding Content to the Medium

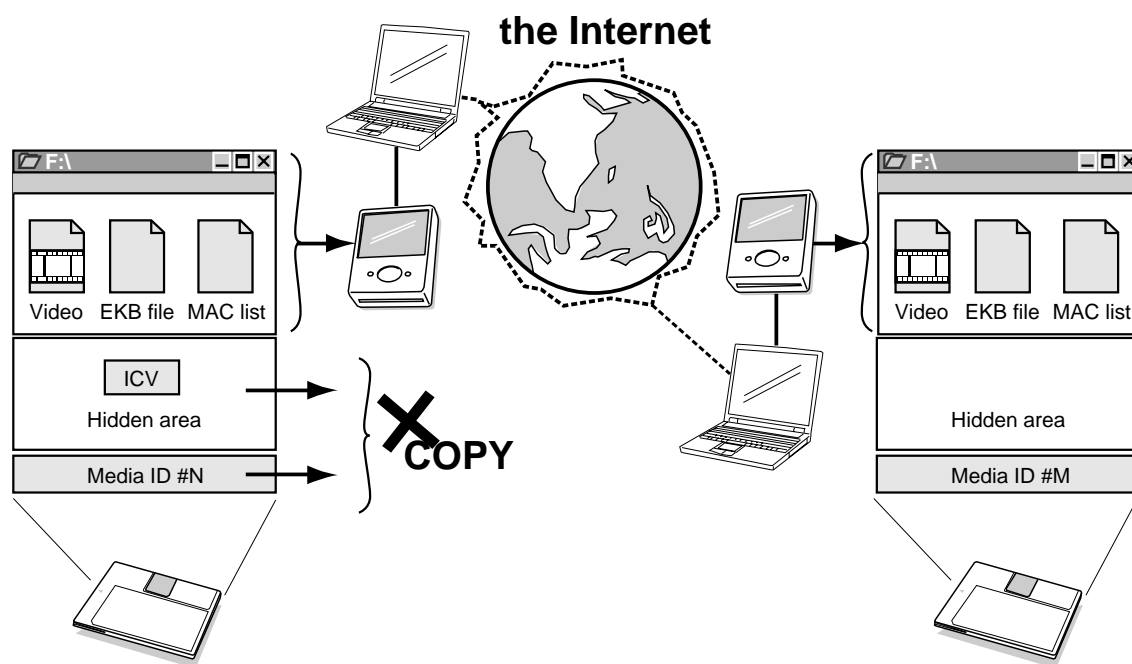
## **14. Prevention of retransmission to the Internet**

Pursuant to MG-R(SVR) for Hi-MD Specification, DEVICE/SOFTWARE stores Content data, EKB files, and MACLIST in the General Purpose Area on the Hi-MD Media. Then, for instance, using a PC without MG-R(SVR) for Hi-MD Secure Software and DEVICE, these data can be copied to the PC and transferred to other PCs via the Internet, and these can be stored to the General Purpose Area on another Hi-MD Medium using DEVICE at the PC which received the data.

But the ICV on the Hi-MD Medium cannot read out by the PC without MG-R(SVR) for Hi-MD Secure Software even if using DEVICE, since DEVICE never allow PC to read it out. Then copying ICV to another Hi-MD Media never be available.

These mean that the copied data created from the data which are stored in General Purpose Area on the original Hi-MD Medium in General Purpose Area, on another Hi-MD Medium, is no longer rendered useful to be played back on DEVICE/SOFTWARE.

With this system, as a result, MG-R(SVR) for Hi-MD prevents re-transmission the recorded content to the internet.



**Figure 13 Method of Binding Content to the Medium**

## 15. Renewal of Software Secure Video Module

MG-R(SVR) for Hi-MD Software Secure Video Module is protected using the tamper resistant technique.

However, an occasion that an illegitimate software is found, Licensor decides whether to revoke the software pursuant to the MG-R(SVR) for Hi-MD revocation criteria, and prepare new software. Then, the renewed software is transferred, for example, using the MG-R(SVR) for Hi-MD update server or CD-ROM.

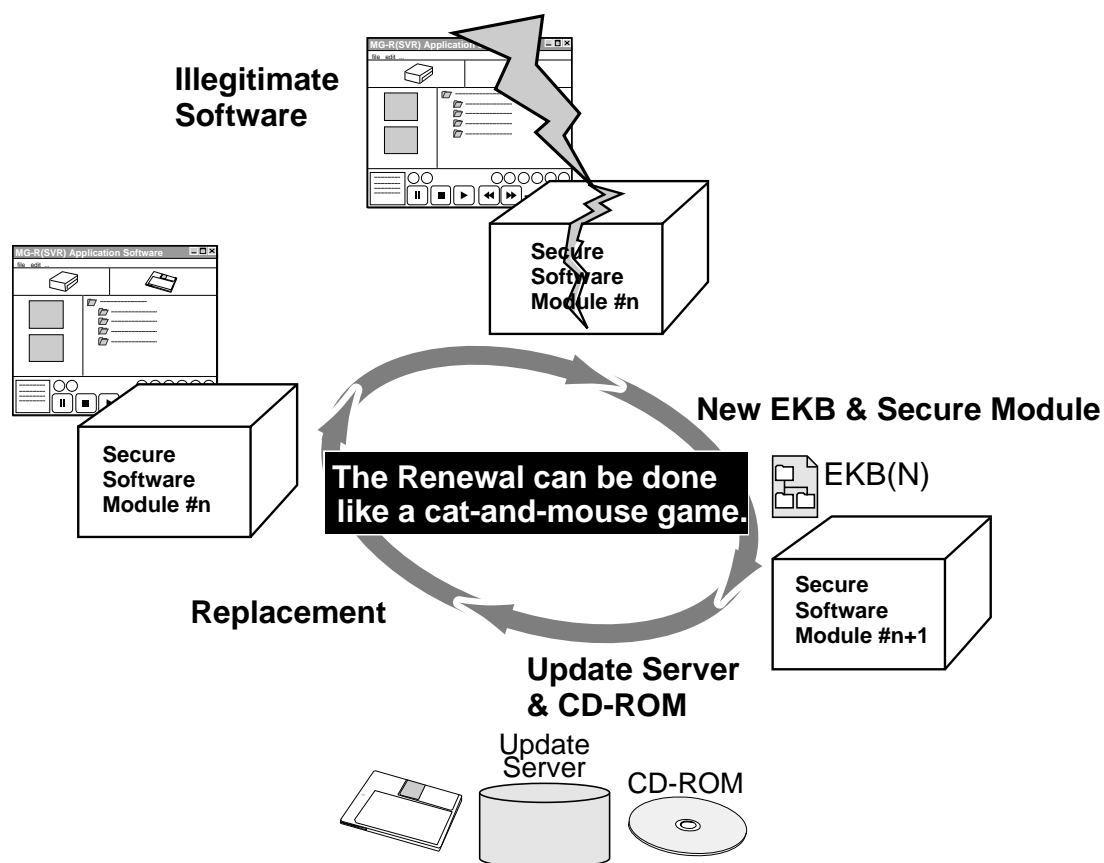


Figure 13 Renewal of Software Secure Module

**MagicGate Type-R**  
**for Secure Video Recording**  
**for Hi-MD**  
**Specification**  
**- Informational Version -**  
**Ver.1.00-01**

**March 1, 2004**

**Sony Corporation**

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## 1. Introduction

### 1.1 Purpose and Scope

MagicGate Type-R for Secure Video Recording (abbreviated as MG-R(SVR) hereinafter) is a video content protection mechanism to perform authorized recording by devices/software and media, which are compliant with MG-R(SVR). This document describes the specifications that MG-R(SVR) compliant devices/software and media shall satisfy to establish compatibility, the key management system for content protection and the procedures to encrypt/decrypt content using a Hi-MD as the recording medium.

### 1.2 Abbreviations and Acronyms

The following abbreviations and acronyms are used in this document:

DKS	Devices Key Set
DNK	Devices Node Key
EKB	Enabling Key Block
ICV	Integrity Check Value
MAC	Message Authentication Code
MG	MagicGate
MG-R	MagicGate Type-R
MG-R (SVR)	MagicGate Type-R for Secure Video Recording
NVM	Non-Volatile Memory
SAC	Secure Authenticated Channel

### 1.3 Notation

In this document, encryption and decryption are indicated as follows:

$E(K1,D1)$  :

Indicates that data D1 is encrypted by key K1.

$D(K2,D2)$  :

Indicates that data D2 is decrypted by key K2.

$MAC(K3,D3||D4|| \cdot \cdot )$ :

Represents calculation of the Message Authentication Code (MAC) using a block encryption algorithm. In addition, the sign "||" represents concatenation of data.

## **2. Technologies Specified in MG-R (SVR) for Hi-MD**

The following technologies and requirements are specified in MG-R (SVR) for Hi-MD:

- 1) Requirements for the media and devices/software  
Specifies the required items to be incorporated in media and devices/software.
- 2) Content Protection Related Information  
Specifies usage control information.
- 3) Key management system  
Specifies key management system applied at playback/recording.
- 4) Encryption/Decryption  
Specifies the method for encryption/decryption of content.
- 5) Protection method from illegal alteration
- 6) Compliance Rules
- 7) Robustness Rules

In this document, 1)~5) above are specified in the following chapters.

### **3. Requirements for Media and Devices/Software Compliant with MG-R(SVR) for Hi-MD**

This chapter specifies items required for the devices, software and media for recording/playback complying with MG-R (SVR) for Hi-MD. The devices, software and media shall fulfill the requirements as follows.

#### **3.1 Requirements for Media**

##### **\*Media Unique ID**

Each medium shall have an ID that is unique.

The size of an ID shall be 128 bits and it shall be uniquely assigned to each medium.

Note)

Hi-MD media are categorized in two types, and their Media Unique IDs are assigned pursuant to Hi-MD Specification as bellows:

(1) "Hi-MD 300MB":

When a medium that is for MiniDisc System, is formatted in a Hi-MD Compliant Device, a 128 bits Media Unique ID is written onto the medium by the Device.

(2) "Hi-MD 1GB":

A 128 bits Media Unique ID shall be written onto the medium when the medium is produced.

##### **\*Hidden Area**

As the area to record ICVs for verifying the integrity of content, each medium shall have a recording area that can not be accessed from typical file systems, but can be accessed legitimately only by the Secure Video Module of devices or software compliant with MG-R (SVR) for Hi-MD.

#### **3.2 Requirements for Devices and Software**

##### **\*Secure Video Module**

Devices/software shall have a secure module with functions to encrypt/decrypt as defined in this specification and a function to access the Hidden Area of media compliant with MG-R(SVR) for Hi-MD.

\*Device Key Set

Devices shall retain a Device Key Set (refer to **5.1**) in the NVM area.

Software shall retain a Device Key Set in itself.

\*Compliance with the Compliance Rules

Devices/software shall comply with the Compliance Rules.

\*Compliance with the Robustness Rules

Devices/software shall comply with the Robustness Rules.

In this document, devices and/or software that satisfy above requirements are noted as COMPLIANT PRODUCTS.

## 4. Content Protect Related Information

### 4.1 Content Protection Related Information defined in MG-R(SVR) for Hi-MD

In this chapter, Content Protection Related Information is defined. COMPLIANT PRODUCTS shall be able to record the combination of the following information for recorded content, with adequately updating them if needed.

This information is subject to ICV calculation (refer to **6.1.3**). It is written in the Hidden Area of the medium so that it is protected safely on the medium.

#### 4.1.1 Copy Control Information

Information to distinguish if further copies may be made for the recorded copy.

#### 4.1.2 Encryption Plus Non-assertion (EPN) Bit

Information to specify whether protection is required for the content when recording. If this bit is asserted, encryption is required when recording the content.

The status for combinations of the Copy Control Information (CCI) value and the EPN values are defined in the table below.

**Table 4.1 Values of CCI and EPN, and the Corresponding State**

CCI bits	EPN bit	State
00	1	Copy_control_not_asserted
00	0	Protection_required
10	1	No_more_copies
01	-	Reserved
11	-	Reserved

By combination of CCI bits and EPN bit, following three states are specified: Copy\_control\_not\_asserted; Protection\_required; No\_more\_copies. Protection\_required is the state given to content that is required to be protected by their source but have no generational restriction on copying.

#### 4.1.3 Analog Protection System Trigger Bits (APSTB)

Information to trigger the analog protection System when transmitting the recorded copy through an analog output.

The state for each value is defined in the table below..

**Table 4.2 Values of APSTB**

APSTB	State
00	APS off
01	APS on: Type 1(AGC)
10	APS on: Type 2(AGC+2L colorstripe)
11	APS on: Type 3(AGC+4L colorstripe)

#### 4.1.4 Image Constraint Token (ICT)

Information to specify whether a resolution limitation is required when transmitting the recorded copy through an analog output.

The state for each value is defined in the table below.

**Table 4.3 Values of ICT**

ICT bit	State
0	High Definition Analog Output in High Definition Analog Form
1	High Definition Analog Output in the form of Constrained Image

### 4.2 Operation Rules for Content Protection Related Information

Content Protection Related Information defined in 4.1 shall be operated according to the Compliance Rules as below.

#### 4.2.1 Copy Control Information

COMPLIANT PRODUCTS shall detect the CCI from the input signal according to the Compliance Rules, and update the CCI if needed when recording.

#### **4.2.2 Encryption Plus Non-assertion (EPN) Bit**

COMPLIANT PRODUCTS shall detect whether the EPN bit is asserted from the input signal, and record the content encrypted as specified in this specification if the EPN bit is asserted, according to the Compliance Rules.

#### **4.2.3 Analog Protection System Trigger Bits**

COMPLIANT PRODUCTS shall detect the APSTB (if it exists) from the input signal according to the Compliance Rules, and record this information adequately.

#### **4.2.4 Image Constraint Token**

COMPLIANT PRODUCTS shall detect the ICT (if it exists) from the input signal according to the Compliance Rules, and record this information adequately.

## **5. Key Management**

In this chapter, the key management system used at encryption/decryption in MG-R (SVR) for Hi-MD, is defined, and the method to prevent illegitimate devices/software from playing back/recording content is also explained.

### **5.1 Device Key Set (DKS)**

COMPLIANT PRODUCTS are installed with a Device Key Set (DKS). The DKS can be accessed only by the Secure Video Module of devices/software compliant with MG-R (SVR) for Hi-MD, and contains the following:

- Device Unique ID
- Device Node Key (DNK)
- Default EKB

In MG-R (SVR) for Hi-MD, these are used to encrypt/decrypt and to check the integrity of content.

A Device Unique ID is an ID number that is unique to each Device and it is assigned by the licensor. It is unique across MG-R(SVR) for Hi-MD.

Device unique key information is encrypted and stored in the DNK, and it is used at encryption/decryption. Default EKB is used at self-recording on COMPLIANT PRODUCTS.

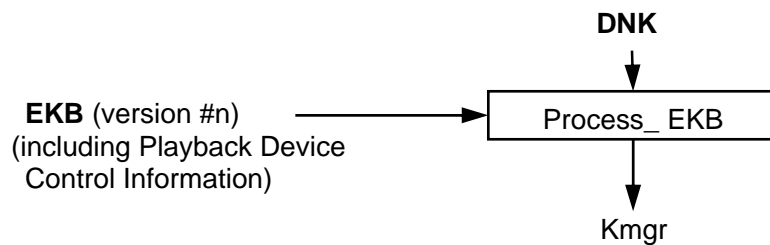
DKS is generated and published by the licensor.

### **5.2 EKB File**

An EKB file is used for encryption/decryption and controlling playback devices/software. Playback device control information and the encrypted common Key (hereinafter referred to as Kmgr) are stored within the file. Only legitimate devices/software can retrieve Kmgr from the EKB file and the DNK.

### **5.3 Relation between a DNK and an EKB File**

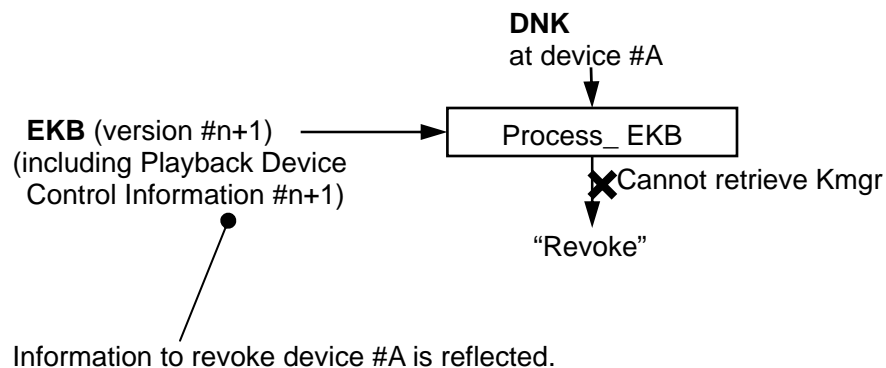
COMPLIANT PRODUCTS retrieve Kmgr using an EKB file and the DNK stored inside. Using Kmgr, playback of content becomes possible pursuant to 6.2.



**Figure 5.1 DNK and EKB**

Also, by updating Kmgr and transmitting information on playback permitted devices using an EKB file, it is possible to revoke illegitimate devices/software (to make playback on the device impossible by making Kmgr not retrievable).

To revoke a particular device (denoted as “Device #A”), a new EKB file of version #n+1 containing new Playback Device Control Information that reflects the revocation information is created and used.



**Figure 5.2 Revocation**

## **6. Encryption/Decryption of Content**

When playing back or recording content, procedures such as authentication and integrity checking are required in addition to the encryption/decryption of content. In this chapter, the summary of the procedures when using Hi-MD as a medium, are explained.

For the encryption/decryption of content, AES is used as the encryption algorithm, whose key length is 128 bits.

### **6.1 Content Encryption**

#### **6.1.1 Authentication**

Before transferring the data to a Hi-MD Secure Drive Module (hereinafter referred as to Secure Drive Module) which can access to Hidden Area of Hi-MD medium, authentication is executed between Secure Video Module and Secure Drive Module to verify that the device/software and Secure Drive Module are legitimate, and then the session key Kse is shared. With authentication, Secure Authenticated Channel (SAC) is established and data can be transferred securely to the medium.

The figure below shows the procedure of the authentication between a Secure Video Module and a Drive Module.

##### **1) Sharing the Common Key**

Secure Drive Module retrieves the Common Key 1 with DNK and EKB1 for authentication, both of which are stored inside. And this EKB1 for authentication is transferred to Secure Video Module. Secure Video Module also retrieves Common Key 1 with the received EKB1 for authentication and DNK which is embedded in Secure Video Module.

Secure Video Module retrieves Common Key 2 with DNK and EKB2 for authentication, both of which are stored inside. And this EKB2 for authentication is transferred to Secure Drive Module, then Secure Drive Module also retrieves Common Key 2 with the received EKB2 for authentication and DNK which is embedded in Secure Drive Module.

Then, both Modules could retrieve Common Key 1 and Common Key 2.

##### **2) Sharing Session Key**

Secure Drive Module generates a random number R1 and transfer R1 and its Media Unique ID

of the Hi-MD medium in Secure Drive Module, to Secure Video Module. The Secure Video Module generates a random number R2 and transfer R2 to Secure Drive Module.

Secure Video Module calculates Message Authentication Code 1 (MAC1) value from the transferred Media Unique ID, R1 and R2 with Common Key 1. The Secure Drive Module also calculates MAC1 value from Media Unique ID, R1 and R2 with Common Key 1 as same method, and transfers MAC1 value to Secure Video Module. Then Secure Video Module compares MAC1 value calculated by itself and MAC1 value transferred from Drive Module. If they do not match, this process has failed and recording is not allowed..

If they match, the Secure Video Module calculates MAC2 value from Media Unique ID, R1 and R2 with Common Key 2, and MAC2 value is transferred to Drive Module. Drive Module also calculates MAC2 value as same method, and compares it with MAC2 value transferred from Secure Video Module. If they do not match, this process has failed and recording is not allowed.

If they match, Secure Drive Module calculates the Session Key Kse from the Media Unique ID, MAC1 value and MAC2 value using Common Key 2. Also Secure Video Module calculates Kse with same method. Then both modules could retrieve Kse.

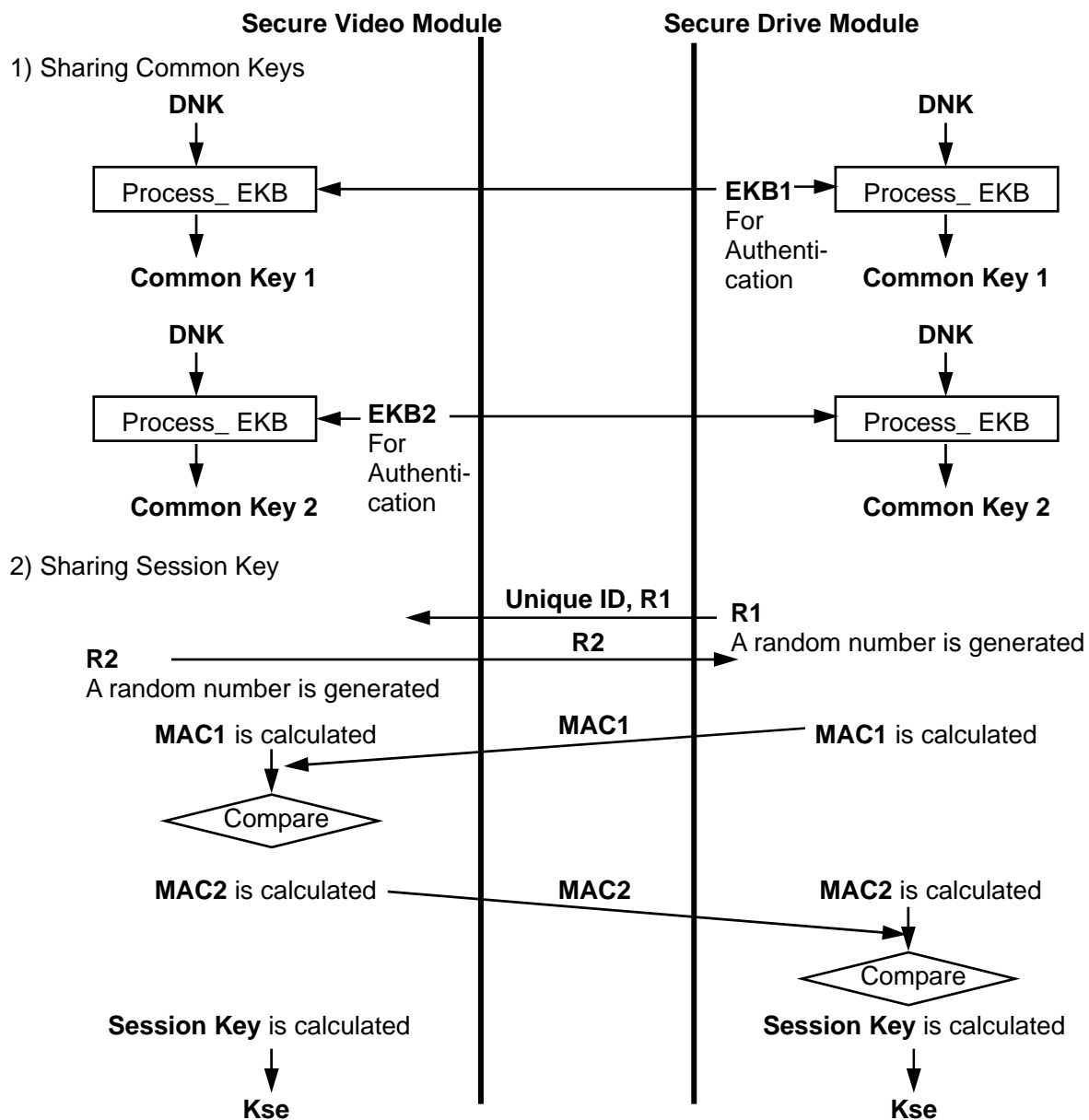


Figure 6.1 Procedure of Authentication

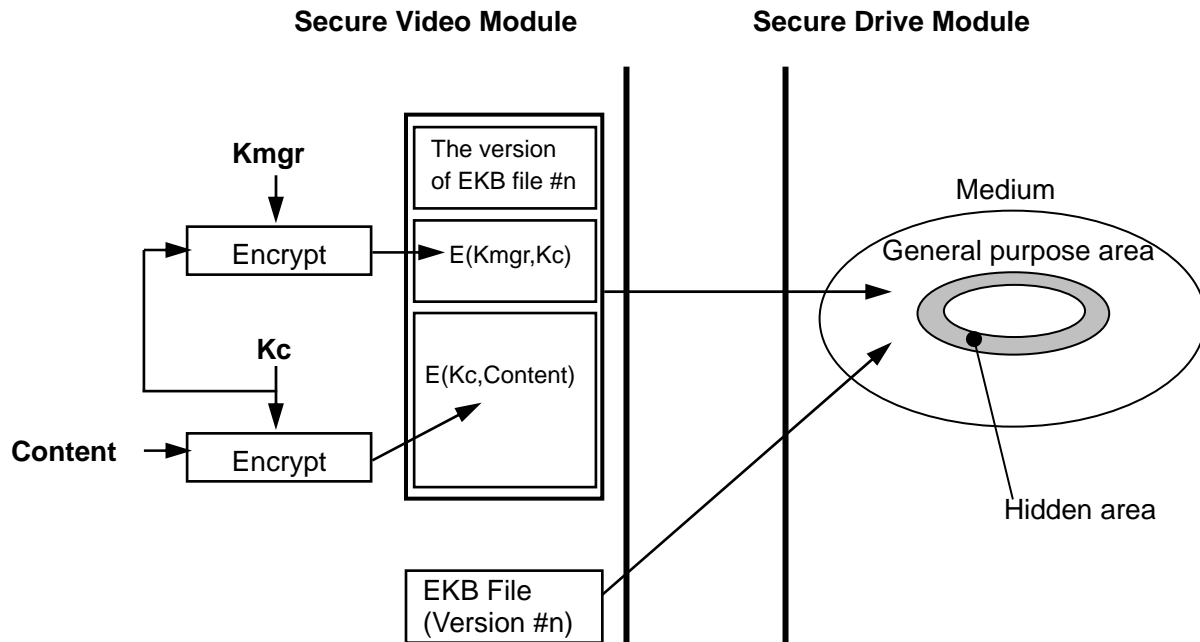
When Secure Video Module in COMPLIANT PRODUCTS make communication with Secure Drive Module via USB complying with provisions in this chapter and Robustness Rules, it is regarded as an internal bus and data transfer is permitted.

In case Secure Video Module and Drive Device is directly connected with signal lines which use no user accessible bus within one COMPLIANT PRODUCT, no Secure Authenticated Channel is required between Secure Video Module and Drive Device.

### 6.1.2 Encryption

\*Only when content is already stored on a Hi-MD Medium, to prevent additional recording with unauthorized or illegally altered content of MG-R(SVR) for Hi-MD, the Integrity Check Value (ICV) is checked before the procedure below. This process is executed with the same procedure as in this 6.2.2, Refer to 6.1.3 for details of ICV and how it is calculated and recorded.

- 1) Content key  $K_c$  is generated.
- 2) From DNK and either Default EKB retained by the COMPLIANT PRODUCTS or an EKB file with a higher version on the Hi-MD Medium,  $K_{mgr}$  is retrieved, which can be handled legitimately only by COMPLIANT PRODUCTS.
- 3)  $K_c$  is encrypted by the prescribed encryption algorithm using  $K_{mgr}$  as the key.  
 $E(K_{mgr}, K_c)$
- 4) The content is encrypted by the prescribed encryption algorithm using  $K_c$  as the key.  
 $E(K_c, \text{Content})$
- 5) The encrypted content key and the version number of the EKB file that was used at content encryption is stored on the Hi-MD Medium according to the application format that is defined separately. The encrypted content, encrypted content key, the version of EKB file and the EKB file used at encryption (or the EKB file created from the Default EKB according to the application format) are transferred to Secure Drive Module and recorded in the General Purpose Area of Hi-MD medium.



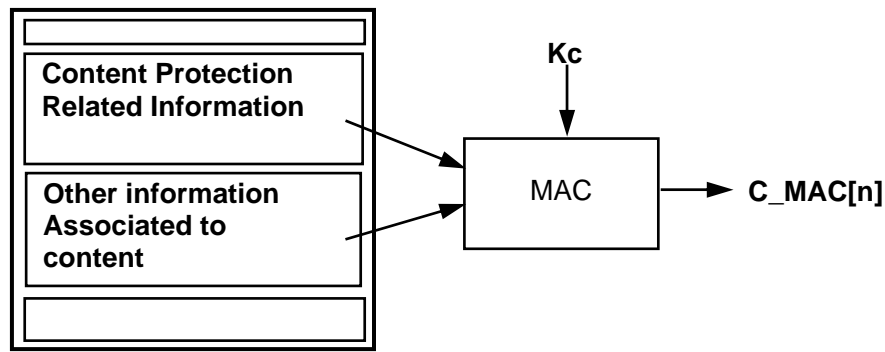
**Figure 6.2 Procedure of Content Encryption**

### 6.1.3 Calculating and Storing the ICV

To prevent unauthorized copies or illegal alteration of content of MG-R(SVR) for Hi-MD, the value (Integrity Check Value, hereinafter denoted as “ICV”) to verify integrity of information that must not be altered illegally, such as Content Protection Related Information, is written in the Hidden Area of the Hi-MD Medium.

- 1) The MAC value (C\_MAC) for Content Protection Related Information and other information associated to each content is calculated using Kc by the Secure Video Module of COMPLIANT PRODUCTS.

$$C\_MAC = \text{MAC}(Kc, \text{Content Protection Related Information} || \text{Other information associated to content})$$



**Figure 6.3 Calculation of C\_MAC**

2) A random number is generated by Secure Video Module, which is used as the ICV calculation key  $K_{icv}$  to calculate the MAC value for the media unique ID and all C\_MAC values and other related information. The resultant value is used as ICV.

$$ICV = MAC(K_{icv}, \text{Media Unique ID} || C\_MAC [1] || C\_MAC [2] || C\_MAC [3] || \dots || \text{other related information})$$

3) After encrypting ICV with session key  $K_{se}$  by Secure Video Module, ICV is transferred to Secure Drive Module via SAC. ICV is decrypted with  $K_{se}$  within Secure Drive Module, then written in a secure manner in the Hidden Area of Hi-MD according to the application format.

The C\_MAC for each content and  $K_{icv}$  encrypted with  $K_{mgr}$  are also transferred to the Secure Drive Module and stored in the General Purpose Area of the Hi-MD medium according to the application format.

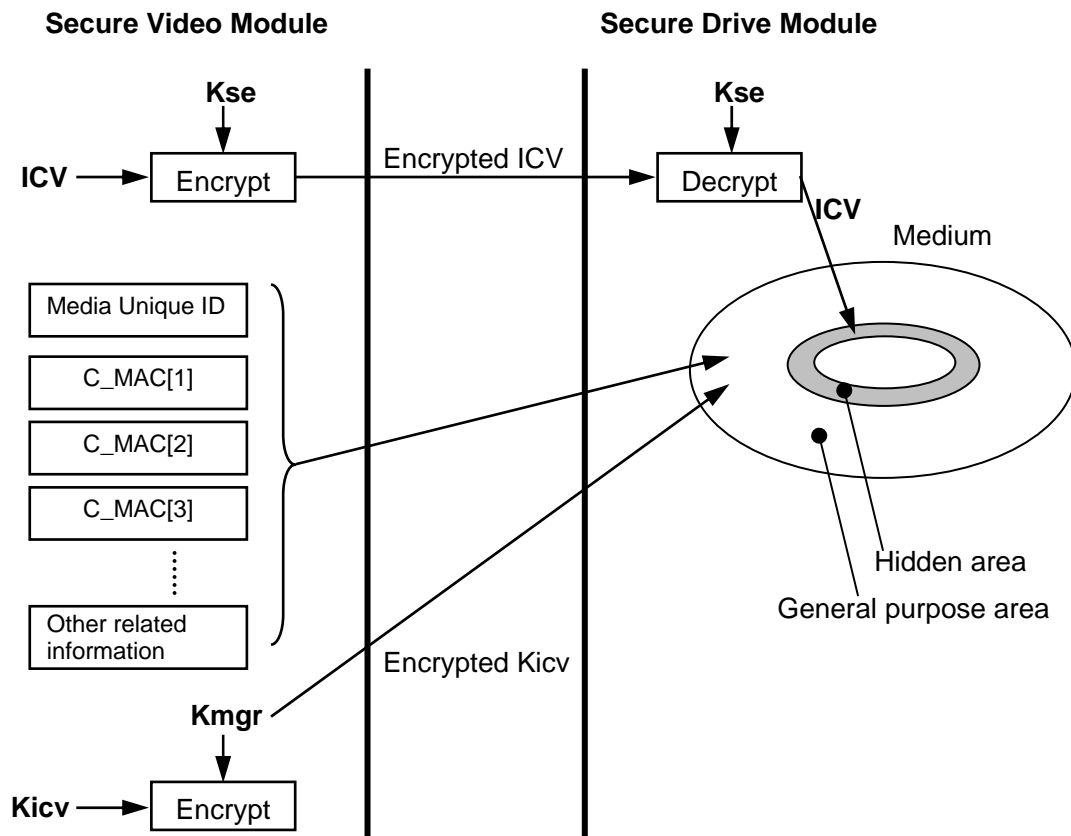


Figure 6.4 Procedure of Calculation and Storing ICV

## 6.2 Content Decryption

### 6.2.1 Authentication

Authentication is executed with the same procedure as in 6.1.1.

### 6.2.2 Checking ICV

To prevent playback of unauthorized copies or playback by illegitimate devices/software, in MG-R (SVR) for Hi-MD, the ICV is checked before the playback of content and legitimacy of the content is verified.

The C\_MAC for each content file and encrypted Kicv are read out from the prescribed area of the Hi-MD medium. With these, the ICV is recalculated for all content on the Hi-MD medium. The resultant value and the ICV read out from the Hidden Area of the Hi-MD medium are compared to confirm that they match. Also, the C\_MAC[n] which is C\_MAC value for the content [n] to be played back is recalculated and compared to the one read out from the Hi-MD medium to confirm that they match.

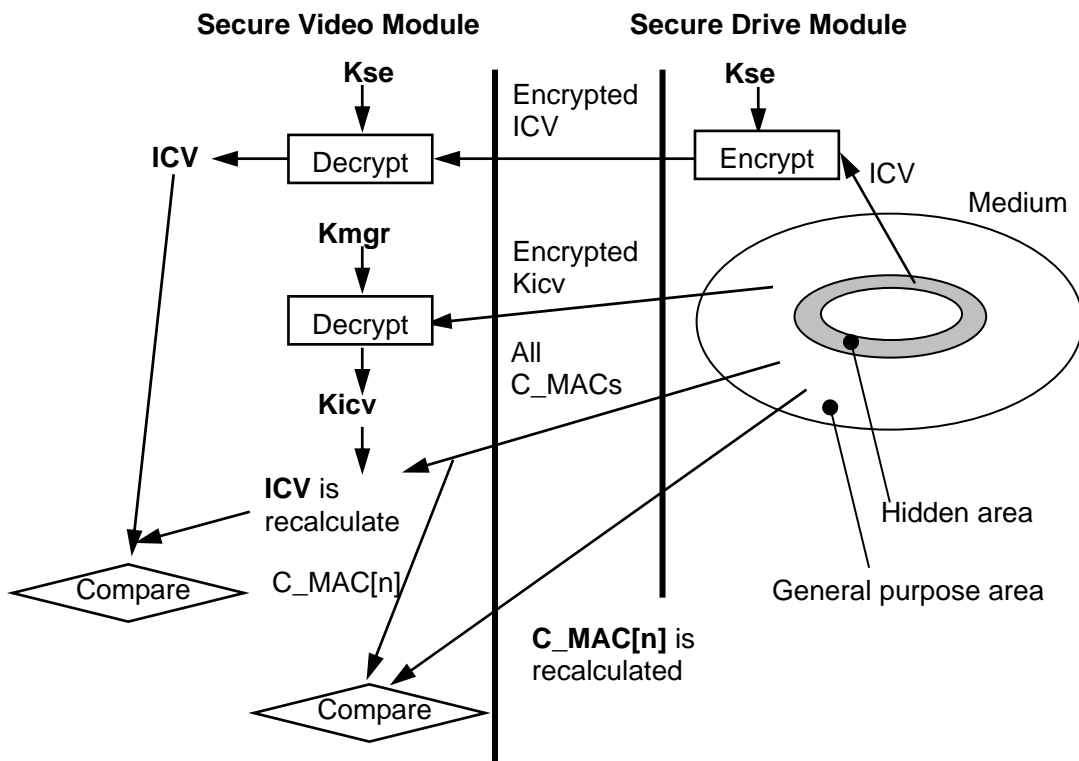


Figure 6.5 Procedure of Checking ICV

### 6.2.3 Decryption

1) The version of the EKB file used for encrypting the content is read from the Hi-MD medium.  
From the EKB file of that version on the Hi-MD medium and the DNK, Kmgr for content key encryption is retrieved.

2) The encrypted content key is read from the Hi-MD medium, which is decrypted using Kmgr.  
 $D(Kmgr, Kc)$

3) The content is decrypted using the content key.  
 $D(Kc, Content)$

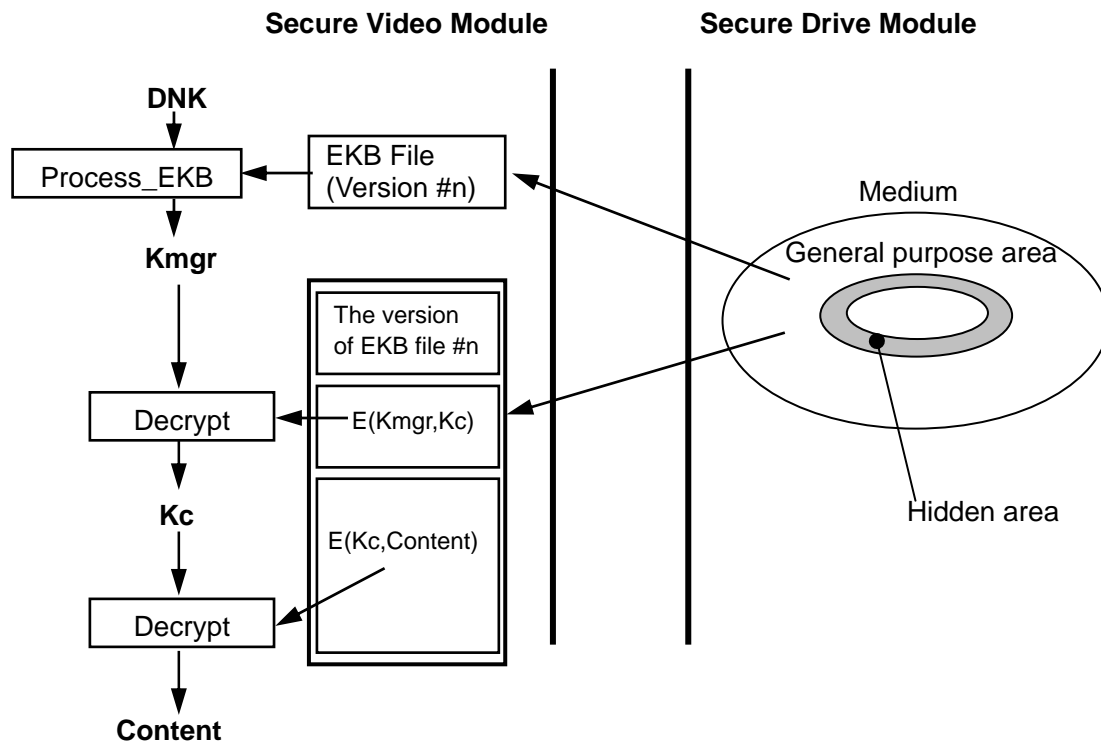


Figure 6.6 Procedure of Content Decryption

## **Hi-MD System – Secure Video Recording**

### **CONTENT PARTICIPANT AGREEMENT**

This Content Participant Agreement (the “Agreement”) is entered into this day of \_\_\_\_\_, 2004 (the “Effective Date”) by and between SONY CORPORATION, having its registered office in Tokyo, Japan (hereinafter referred to as “Sony”) and \_\_\_\_\_, having its registered office in \_\_\_\_\_ (hereinafter, together with its Subsidiaries, referred to as “Content Participant”).

#### **WITNESSETH:**

**WHEREAS**, Sony has developed a certain data recording, storage and reproduction system under the name “Hi-MD” (hereinafter referred to as the “Hi-MD System”);

**WHEREAS**, Sony has developed a certain method for encryption, decryption, key exchange, authentication and renewability for purposes of protecting certain digital audiovisual content from unauthorized interception, retransmission and copying under the name “MG-R(SVR)” (“MG-R(SVR)”);

**WHEREAS**, Content Participant wishes to have the right, subject to the terms and conditions set forth herein, to use MG-R(SVR) for Hi-MD (defined below), or to cause MG-R(SVR) for Hi-MD to be used, to protect its Commercial Audiovisual Content (defined below) and to obtain certain other rights, including but not limited to certain rights to seek revocation of Device Node Keys for Hi-MD Video (defined below) and to obtain certain third-party beneficiary rights under each Adopter Agreement (defined below);

**NOW, THEREFORE**, in consideration of the foregoing and of the mutual obligations and covenants hereinafter set forth, the Parties hereby agree as follows:

#### **1. DEFINITIONS.**

Except where otherwise expressly provided, the following terms shall have the following meanings. All definitions herein shall apply equally to their singular and plural forms, and, except as otherwise expressly stated, all references to sections and exhibits shall be deemed to be to be references to sections of and exhibits to this Agreement. Except as otherwise expressly stated, any reference to “days” in this Agreement shall mean calendar days.

“Adopter Agreement” shall mean any of the following agreements: 1) the Hardware Adopter Agreement, 2) the IC Adopter Agreement and 3) the Media Adopter Agreement.

“Affiliate” shall mean, with respect to any person or entity, any other person or entity that directly or indirectly Controls, is Controlled by or under common Control with such person or entity.

“Agreement” shall have the meaning set forth in the preamble to this Agreement.

“Annual Administration Fee(s)” shall have the meaning set forth in Exhibit B, as may be amended by Sony in accordance with Section 4.1 hereof.

“Arbitrating Parties” shall have the respective meanings set forth in Section 3.6(e)(iii), Section 6.2(a) and Section 12.1.

“Authorized Access Control Method” shall mean a method of delivery of content that is an Authorized Secure Digital Output or any other method of delivery of content by which content is not viewable or accessible other than through a commercially adopted access control method (e.g., CSS, CPPM, CPRM, Digicypher, Harmony, DBS or other digital access control technologies, or digitally controlled analog scrambling systems, whether now or hereafter in commercial use).

“Authorized Secure Digital Output” shall mean a secure transmission output consisting of a Digital Transmission Content Protection (“DTCP”)-protected digital output, a High-bandwidth Digital Content Protection (“HDCP”)-protected digital output or another type of protected digital output permitted under the Compliance Rules.

“Beneficiary Claim” shall have the meaning set forth in Exhibit A.

“BF Eligible Broadcast Television” shall mean the transmission of any service, Program or schedule of Programs, via a Digital Broadcast Television Transmission originating in any Broadcast Flag Jurisdiction and any substantially simultaneous re-transmission thereof made by an entity located within the country or territory in which the broadcast originated, regardless of whether such entity subjects such further transmission to an access control method.

“Broadcast Flag” shall mean, (i) for Digital Broadcast Transmissions originating in the United States and its territories under the jurisdiction of the Federal Communications Commission, the Redistribution Control descriptor (rc\_descriptor) described in ATSC Standard A/65B: “Program and System Information Protocol for Terrestrial Broadcast and Cable” and (ii) for Digital Broadcast Transmissions originating in any other jurisdiction in which a similar law or regulation requires consumer electronics products and information technology products to respond to a flag or trigger associated with such transmissions so as to restrict unauthorized redistribution of such transmissions (such jurisdictions referenced in clauses (i) and (ii), collectively, “Broadcast Flag Jurisdictions”), such flag or trigger so identified in such law or regulation.

“Broadcast Flag Jurisdiction” shall have the meaning set forth in the definition of “Broadcast Flag.”

“Claim Notice” shall have the meaning set forth in Exhibit A.

“Commercial Advertising Messages” shall mean, with respect to any service, Program, or schedule or group of Programs, commercial advertising messages other than (a) advertising relating to such service itself or the programming contained therein, (b) the programming of Content Participant or any of its Affiliates, or (c) any advertising which is displayed concurrently with the display of any part of such Program(s), including but not limited to “bugs,” “frames” and “banners.”

“Commercial Audiovisual Content” shall mean any video or audiovisual works (including, for the avoidance of doubt, the audio portions thereof) that are (a) not created by a consumer; (b) offered for transmission, delivery or distribution, either generally or on demand, to subscribers or purchasers or the

public at large, or otherwise for commercial purposes, not uniquely to an individual, or a small or private group; and (c) encoded with Content Control Information.

“Comparable” shall mean, when used in connection with a Defined Business Model and an Undefined Business Model, that such Undefined Business Model approximates such Defined Business Model more closely than it approximates any other Defined Business Model.

“Compliance Rules” shall mean the exhibit entitled “Compliance Rules (Video)” to the Video Addendum, as such exhibit may be amended by Sony from time to time pursuant to Section 3.6.

“Conditional Access Delivery” shall mean any delivery of a service, Program, or schedule or group of Programs via an Authorized Access Control Method. Without limitation, Conditional Access Delivery includes Prerecorded Media; a Pay Television Transmission; Pay-Per-View; Video-on-Demand; Subscription-on-Demand; Non-Premium Subscription Television and Free Conditional Access Delivery. Notwithstanding the foregoing, “Conditional Access Delivery” does not include any service, Program, or schedule or group of Programs, that is a further transmission of a broadcast transmission (*i.e.*, an over-the-air transmission for reception by the general public using radio frequencies allocated for that purpose) that, substantially simultaneously, is made by a terrestrial television broadcast station located within the country or territory in which the entity further transmitting such broadcast transmission also is located, where such broadcast transmission is not subject to an Authorized Access Control Method (*e.g.*, is broadcast in the clear and supported by advertising revenues or government-mandated fees, without any other charge to members of the public receiving such broadcasts), regardless of whether such entity subjects such further transmission to an access control method. Notwithstanding the foregoing, Conditional Access Delivery shall include any service, Program, or schedule or group of Programs, that both (a) was primarily authored in a format with a resolution equal to or greater than 1000i or 700p (“High Definition”) and (b) is transmitted via an Authorized Access Control Method in High Definition, provided that such service, Program, or schedule or group of Programs is not, substantially simultaneously, transmitted in High Definition by a terrestrial broadcast station located within the same country or territory, where such broadcast transmission is not subject to an Authorized Access Control Method.

“Confidential Information” shall mean any and all confidential and proprietary information, documents and materials relating to MG-R(SVR) for Hi-MD or the SVR CP Specifications, that is disclosed by Sony to Content Participant and is marked “Confidential” at the time of disclosure or, if orally or visually disclosed, is identified as confidential at the time of disclosure and confirmed in writing within thirty (30) days after the date of such disclosure. For avoidance of doubt, “Confidential Information” includes Highly Confidential Information.

“Constrained Image” shall mean an image having the visual equivalent of no more than 520,000 pixels per frame (*e.g.*, an image with resolution of 960 pixels by 540 pixels for a 16:9 aspect ratio). A Constrained Image may be attained by reducing resolution, for example, by discarding, dithering, or averaging pixels to obtain the specified value. A Constrained Image can be displayed using video processing techniques such as line doubling or sharpening to improve the perceived quality of the image. By way of example, a Constrained Image may be stretched or doubled, and displayed full-screen, on a 1000-line monitor.

“Content Control Information” shall mean the information that represents the content control status of particular content to a Licensed Product, including but not limited to Copy Control Information, APS Trigger Bits, EPN and ICT.

“Content Participant” shall have the meaning set forth in the preamble to this Agreement.

“Content Participant Affidavit” shall have the meaning set forth in Section 6.2(a) hereof.

“Content Participant Agreement” shall mean this Agreement and any other agreement substantially similar to this Agreement relating to MG-R(SVR) for Hi-MD entered into between a copyright owner or distributor of Commercial Audiovisual Content with Sony.

“Content Participant Beneficiary” shall have the meaning set forth in Exhibit A hereto.

“Content Participant Beneficiary Claim” shall have the meaning given in Section 3.3.

“Control” means the possession of beneficial ownership of more than fifty percent (50%) of the stock or other similar interest entitled to vote for the election of the Board of Directors or similar managing authority.

“Copy Control Information” shall mean the information that represents the copy control status of particular content to a Licensed Product, including but not limited to AGC, Colorstripe, CGMS-A, CGMS-D and, if Sony has declared the Watermark, any information that represents copy control status that may be carried in the Watermark.

“Copy Control Not Asserted” refers to content for which limitations on copying are not asserted. For the purpose of clarification and avoidance of doubt, such content remains subject to the rights of the copyright owner. For further clarification and avoidance of doubt, content that is not labeled with Content Control Information, is deemed to have a Copy Control Information status of Copy Control Not Asserted.

“Copy Never” refers to Commercial Audiovisual Content that has been labeled as Copy Never indicating that no copies are to be made of such content.

“Copy One Generation” refers to Commercial Audiovisual Content that has been labeled as Copy One Generation indicating that only one generation of copies is to be made of such content.

“Decrypted SVR Data” shall have the meaning given in the Compliance Rules.

“Defendant” shall have the meaning set forth in Exhibit A.

“Defined Business Model” shall mean Prerecorded Media, Video-on-Demand, Pay-Per-View, Pay Television Transmission, Subscription-on-Demand, Non-Premium Subscription Television, Free Conditional Access Delivery, BF Eligible Broadcast Television or Other EPN Eligible Broadcast Television.

“Device Node Key for Hi-MD Video” shall mean a cryptographic value allocated to an individual Licensed Product and provided under the Video Addendum.

“Digital Broadcast Television Transmission” shall mean an unencrypted digital terrestrial broadcast television transmission.

“Eligible Content Participant” shall have the meaning set forth in Section 3.1.

“encode, or direct to be encoded” shall mean to cause or direct the inclusion of particular Content Control Information so as to cause MG-R(SVR) for Hi-MD (including, for avoidance of doubt, EPN and the Image Constraint Token) to be used to protect the Commercial Audiovisual Content.

“Encoding Rules” shall mean the obligations set forth in Sections 5.1 and 5.2.

“EPN” shall mean an encoding method, including but not limited to the Broadcast Flag, that indicates that Commercial Audiovisual Content is to be protected against unauthorized redistribution and that copy control restrictions are not being asserted with respect to such content.

“Fellow Content Participant” shall mean Content Participant and any other owner or distributor of Commercial Audiovisual Content that has entered into a Content Participant Agreement.

“Free Conditional Access Delivery” shall mean a Conditional Access Delivery, as to which viewers are not charged any fee (other than government-mandated fees) for the reception or viewing of the programming contained therein.

“Hardware Adopter Agreement” shall mean a “Hi-MD – Secure Video Recording Format - Content Protection License Agreement” entered into by Sony, as may be supplemented by the Video Addendum.

“High Definition Analog Form” shall mean a format that is an analog video signal which has a resolution greater than a Constrained Image.

“High Definition Analog Output” shall mean an output capable of transmitting Commercial Audiovisual Content in High Definition Analog Form.

“Highly Confidential Information” shall mean Confidential Information that is marked “Highly Confidential Information” when disclosed in written form.

“IC Adopter Agreement” shall mean a “Hi-MD Secure Video IC – Secure Video Recording Format - Content Protection License Agreement” entered into by Sony.

“Image Constraint Token” or “ICT” shall mean the field or bits, as described in the SVR CP Specifications, used to trigger the output of a Constrained Image in Licensed Products.

“Licensed Know-How and Copyrights” shall mean the trade secrets and copyrights embodied in the SVR CP Specifications.

“Licensed Patents” shall mean claims of a patent or patent application under which Sony, any Licensee, any Fellow Content Participant, or any of their respective Subsidiaries, has the right, during the term of this Agreement, without a payment of royalties to third parties, to grant licenses and which claims are necessarily infringed in order to (a) implement MG-R(SVR) for Hi-MD in Licensed Products or (b) to

use or cause to be used MG-R(SVR) for Hi-MD to protect Commercial Audiovisual Content. “Licensed Patents” do not include any claims relating to aspects of any technology (even if disclosed with particularity), standard or product that is an optional part of the SVR CP Specifications or is not itself part of the SVR CP Specifications, including: (1) claims relating to other copy protection, compression, encoding or decoding technologies (even though such technology, standard or product may otherwise be mentioned in or required by the SVR CP Specifications) or tamper resistance technology; (2) claims that may be practiced in an implementation of any Licensed Product in compliance with the SVR CP Specifications where an alternative implementation of the SVR CP Specifications in a Licensed Product exists that would not infringe such claims (even if in the same patent as Licensed Patents); or (3) claims that read solely on any implementations of any portion of the SVR CP Specifications that are not within the bounds of the scope of use set forth in this Agreement or in any of the Adopter Agreements.

“Licensed Product” shall have the meaning given in each Adopter Agreement.

“Licensee” shall mean an entity that executes one or more Adopter Agreements with Sony.

“Licensee Beneficiary” shall have the meaning set forth in Section 11.2.

“Licensee Beneficiary Claim” shall have the meaning set forth in Section 11.2.

“Major Content Participant” shall mean, during the course of any year, any Fellow Content Participant that either is a member of the MPAA or has generated U.S. box office revenues from theatrical releases of feature films in the immediately prior year that are at least as great as the MPAA member company with the lowest U.S. box office revenues from theatrical releases of feature films for that same year.

“Media Adopter Agreement” shall mean a “Hi-MD Recordable Media - Secure Video Recording Format - Content Protection License Agreement” entered into by Sony.

“MG-R(SVR) for Hi-MD” shall mean MG-R(SVR) customized for the Hi-MD System, as set forth in the SVR CP Specifications.

“MPAA” shall mean the Motion Picture Association of America.

“No More Copies” refers to Commercial Audiovisual Content that has been labeled No More Copies, indicating that it may have originated as Copy One Generation, but that the version being transmitted is from that first generation copy and that therefore no more copies are permitted.

“Non-Premium Subscription Television” shall mean a Conditional Access Delivery of a service, or schedule or group of Programs (which may be offered for sale together with other services, or schedule or group of Programs), for which subscribers are charged a subscription fee for the reception or viewing of the programming contained therein, other than Pay Television Transmission and Subscription-on-Demand. By way of example, “basic cable service” and “extended basic cable service” in the United States (other than such programming contained therein that does not fall within the definition of Conditional Access Delivery) are “Non-Premium Subscription Television.”

“Other EPN Eligible Broadcast Television” shall mean the delivery or transmission of any service, Program, or schedule or group of Programs, that (a) is delivered or transmitted via an Authorized

Access Control Method and (b) does not fall within the definition of “Conditional Access Delivery” or “BF Eligible Broadcast Television.”

“Party” shall mean a party to this Agreement.

“Pay-Per-View” shall mean a delivery of a single Program or a specified group of Programs, as to which each such single Program is generally uninterrupted by Commercial Advertising Messages and for which recipients are charged a separate fee for each Program or specified group of Programs. The term “Pay-Per-View” shall also include delivery of a single Program as described above for which multiple start times are made available at time intervals which are less than the running time of such Program as a whole. If a given delivery qualifies both as Pay-Per-View and a Pay Television Transmission, then, for purposes of this Agreement, such delivery shall be deemed Pay-Per-View rather than a Pay Television Transmission.

“Pay Television Transmission” shall mean a transmission of a service or schedule of Programs, as to which each individual Program is generally uninterrupted by Commercial Advertising Messages and for which service or schedule of Programs subscribing viewers are charged a periodic subscription fee, such as on a monthly basis, for the reception of such programming delivered by such service whether separately or together with other services or programming, during the specified viewing period covered by such fee. If a given delivery qualifies both as a Pay Television Transmission and Pay-Per-View, Video-on-Demand, or Subscription-on-Demand then, for purposes of this Agreement, such delivery shall be deemed Pay-Per-View, Video-on-Demand or Subscription-on-Demand rather than a Pay Television Transmission.

“Prerecorded Media” shall mean the delivery of one or more Programs, in prerecorded and encrypted or scrambled form, on packaged media, such as DVD discs.

“Program” shall mean any work of Commercial Audiovisual Content.

“Revocation” or “Revoked” shall have the meaning set forth in Section 6.1.

“Revocation Criteria” shall have the meaning set forth in Section 6.2.

“Robustness Rules” shall mean the requirements set forth in the exhibit entitled “Robustness Rules” attached to each “Hi-MD – Secure Video Recording Format - Content Protection License Agreement”, as such exhibit may be amended by Sony from time to time in accordance with Section 3.6.

“Subsidiary” shall mean, with respect to any person or entity, any other person or entity (a) that directly or indirectly is Controlled by such person or entity and (b) for which such person or entity has the right to license any claims of any patents or patent applications owned or controlled by such other person or entity relating to MG-R(SVR) for Hi-MD.

“Sony” shall have the meaning set forth in the preamble to this Agreement.

“Subscription-on-Demand” shall mean the delivery of a single Program or a specified group of Programs for which (i) a subscriber is able, at his or her discretion, to select the time for commencement of exhibition thereof; (ii) where each such single Program is generally uninterrupted by Commercial Advertising Messages; and (iii) for which Program or specified group of Programs

subscribing viewers are charged a periodic subscription fee for the reception of programming delivered by such service during the specified viewing period covered by the fee. In the event a given delivery of a Program qualifies both as a Pay Television Transmission and Subscription-on-Demand, then for purposes of this Agreement, such delivery shall be deemed Subscription-on-Demand rather than a Pay Television Transmission.

“SVR CP Specifications” shall have the meanings given in the Adopter Agreements.

“SVR Data” shall have the meaning given in the Compliance Rules.

“Third-Party Beneficiary” shall have the meaning set forth in Exhibit A.

“Undefined Business Model” shall have the meaning set forth in Section 5.2.

“Video Addendum” shall mean a “Video Addendum to the Hi-MD – Secure Video Recording Format - Content Protection License Agreement” entered into by Sony.

“Video-on-Demand” shall mean a delivery of a single Program or a specified group of Programs for which (i) each such individual Program is generally uninterrupted by Commercial Advertising Messages; (ii) recipients are charged a separate fee for each such single Program or specified group of Programs; and (iii) a recipient is able, at his or her discretion, to select the time for commencement of exhibition of such individual Program or specified group of Programs. In the event a delivery qualifies as both Video-on-Demand and a Pay Television Transmission, then for purposes of this Agreement, such delivery shall be deemed Video-on-Demand.

“Watermark” shall have the meaning given in the Compliance Rules.

## **2. RECIPROCAL NON-ASSERTION COVENANT.**

2.1 Non-Assertion Covenant from Sony. Subject to the terms and conditions of this Agreement, including but not limited to Content Participant’s compliance with Section 5, Sony, on behalf of itself and its Subsidiaries, hereby promises not to assert against Content Participant any claim of infringement under any Licensed Patents, or under any Licensed Know-How or Copyrights, with respect to use or causation of use of MG-R(SVR) for Hi-MD during the term of this Agreement to protect Commercial Audiovisual Content. The foregoing non-assertion covenant shall not extend to Content Participant or its Subsidiaries if it asserts or if its Subsidiary asserts any claim of infringement under any Licensed Patents or under any Licensed Know-How or Copyrights against Sony or any of its Subsidiaries, or against any Licensee or any Fellow Content Participant or any of their respective Subsidiaries.

2.2 Non-Assertion Covenant from Content Participant. Content Participant, on behalf of itself and its Subsidiaries, hereby promises not to assert against Sony and any of its Subsidiaries, or against any Licensee or Fellow Content Participant or any of their respective Subsidiaries, any claim of infringement under any Licensed Patents, or under any Licensed Know-How or Copyrights, with respect to (i) in the case of Licensees, Sony and their respective Subsidiaries the making, having made, use, , offering to sell, sale, and otherwise disposing of those portions of Licensed Products that implement MG-R(SVR) for Hi-MD, (ii) in the case of Fellow Content Participants, the using, or causing the use, of MG-R(SVR) for Hi-MD to protect Commercial Audiovisual

Content and (iii) with respect to Sony, the licensing of MG-R(SVR) for Hi-MD. The foregoing non-assertion covenant shall not extend to any entity that is asserting, or whose Subsidiary is asserting Licensed Patents or Licensed Know-How and Copyrights against Content Participant or its Subsidiaries.

2.3 Scope of Non-Assertion Covenant. The non-assertion covenants under Sections 2.1 and 2.2 shall extend only to those portions of Licensed Products that implement MG-R(SVR) for Hi-MD to the extent disclosed with particularity in the SVR CP Specifications; and shall exclude the use of MG-R(SVR) for Hi-MD in any portion of any product and any combinations thereof, the sole purpose or function of which is not required in order to be a Licensed Product. Notwithstanding anything else in this Agreement, the non-assertion covenants under Sections 2.1 and 2.2 exclude (1) applications, application programming interfaces and user interfaces, including but not limited to the technology used to generate, display or interact with a user, (2) data embedding and content formats (other than as described with particularity in the SVR CP Specifications), (3) tamper resistance technology, (4) aspects of any technology, codec, standard or product not disclosed with particularity in the SVR CP Specifications, even if mentioned in or required by the SVR CP Specifications or Compliance Rules, (5) any portions of the SVR CP Specifications that are optional and (6) claims relating to watermarking technology, semiconductors and semiconductor manufacturing technology, compiler technology, programming languages and object-oriented technology, operating system, middleware and database technology, and networking, intranet, extranet, and Internet technology.

2.4 No License. Nothing in this Agreement shall be construed to grant any right to use MG-R(SVR) for Hi-MD to manufacture any Licensed Product.

### **3. RIGHTS GRANTED TO CONTENT PARTICIPANT.**

3.1 Rights of Eligible Content Participants. Any Fellow Content Participant shall, during the term of its respective Content Participant Agreement, be entitled to exercise the rights set forth in Sections 3.2, 3.3, 3.4, 3.6 and 3.7, for so long as such Fellow Content Participant (x) is not wilfully in material breach of any term or condition of its Content Participant Agreement, (y) is not otherwise in material breach of any term or condition of its Content Participant Agreement, which breach has not been cured, or is not capable of cure, within thirty (30) days of Content Participant's receipt of notice thereof by Sony and (z) causes or permits distribution or transmission of its Commercial Audiovisual Content (a) in commercial quantities to the general public, (b) in a form capable of being recorded with Licensed Products (such Fellow Content Participant entitled to exercise the rights set forth in this Section 3.1 shall be hereinafter referred to as an "Eligible Content Participant").

3.2 Right to Seek Revocation. Provided that Content Participant is an Eligible Content Participant, it shall have the right to seek Revocation of a Device Node Key for Hi-MD Video pursuant to the terms of Section 6.2.

3.3 Content Participant Third-Party-Beneficiary Rights. At any time during the term of this Agreement, provided that Content Participant is then an Eligible Content Participant, Content Participant shall, together with any one or more other Eligible Content Participants, be a third-party beneficiary of each Adopter Agreement (Content Participant, together with such Eligible Content Participant, "Content Participant Beneficiaries"), and, as such, shall be entitled to bring a claim or

action, in accordance with the procedures set forth in Exhibit A hereto, to enforce such rights against a Licensee and/or its Subsidiaries as are specified in the applicable Adopter Agreement (such claim or action, together with any third-party-beneficiary claim brought by any other Content Participant Beneficiary, a “Content Participant Beneficiary Claim”), and to have such remedies as are set forth in such Adopter Agreement, with respect to such Licensee’s and/or its Subsidiaries’ implementation of MG-R(SVR) for Hi-MD in any product. If an Eligible Content Participant is the prevailing party in any action brought under this Section 3.3, such Eligible Content Participant shall additionally be entitled to an award of certain attorneys’ fees, as specified in the applicable Adopter Agreement. Exercise of Content Participant’s third-party-beneficiary rights under any Adopter Agreement shall not constitute an election against any statutory or other extra-contractual remedy or other relief against a Licensee and/or its Subsidiaries that may be available to Content Participant for the same act which gave rise to the Content Participant Beneficiary Claim.

3.4 Enforcement Actions. For so long as Content Participant is an Eligible Content Participant, (i) it shall have the right to communicate with Sony with respect to the status of enforcement actions that are brought by Sony to enforce a Licensee’s and/or its Subsidiaries’ compliance with its or their Adopter Agreement(s) and that may reasonably implicate Content Participant’s Commercial Audiovisual Content and (ii) Sony shall respond to inquiries from Content Participant with respect to such enforcement actions, subject to any confidentiality obligations that may apply under any Adopter Agreement.

3.5 Documents Relating to MG-R(SVR) for Hi-MD.

3.5.1 Effective Documents. Sony represents that, as of the Effective Date, the following documents are the only documents establishing the rights and obligations of Licensees with respect to MG-R(SVR) for Hi-MD:

- (i) Hi-MD – Secure Video Recording Format - Content Protection License Agreement, including its attachments and documents incorporated therein by reference, including the Robustness Rules;
- (ii) Video Addendum, including, such addendum’s attachments and documents incorporated therein by reference, including the Compliance Rules;
- (ii) SVR CP Specifications;
- (iii) Media Adopter Agreement;
- (iv) IC Adopter Agreement; and
- (v) Content Participant Agreement (with respect to such third-party beneficiary rights as are granted thereunder)

Sony further represents that all Adopter Agreements entered into after the Effective Date shall be substantially in the form of the form Adopter Agreements set forth on Exhibits C-E, provided, however, that such form Adopter Agreements may be amended from time to time in accordance with Section 3.6.

3.5.2 Consistency with Form Adopter Agreements. Sony further represents that (i) the Adopter Agreements, if any, in effect as of the Effective Date (the “Effective Adopter Agreements”), together with all other documents described in Section 3.5.1 in effect as of the Effective Date (collectively, the “Operative Protection Agreements”), are consistent in all material respects affecting the integrity or security of MG-R(SVR) for Hi-MD, or the operation of MG-R(SVR) for Hi-MD with respect to protecting Commercial Audiovisual Content from any unauthorized output, transmission, interception or copying, or the rights (including, for avoidance of doubt, third-party beneficiary rights) of Content Participant with respect to MG-R(SVR) for Hi-MD, with the version of the Adopter Agreements attached hereto as Exhibits C-E, respectively; and (ii) there are no oral or written amendments or understandings with any Licensee varying or modifying such Effective Adopter Agreements or other Operative Protection Agreements, other than the Operative Protection Agreements with respect to such integrity, security or operation. Content Participant may review the Operative Protection Agreements upon reasonable notice to Sony.

3.6 Material Changes in Protection or Rights. Sony may make changes to the Operative Protection Agreements or the form Adopter Agreements or issue, execute or amend such other documents or sections of documents with respect to MG-R(SVR) for Hi-MD as are set forth in Section 3.6(a), only in accordance with the following provisions:

(a) Except to correct any errors or omissions or to make editorial changes (in each case, that would not affect the integrity or security of MG-R(SVR) for Hi-MD, or the operation of MG-R(SVR) for Hi-MD with respect to protecting Commercial Audiovisual Content from any unauthorized output, transmission, interception or copying, or the rights of Content Participant with respect to MG-R(SVR) for Hi-MD), Sony shall provide reasonable advance written notice to Content Participant and identify with specificity, (1) any proposed change, addition or supplement to ARTICLES I (Definitions), II (Intellectual Property), III (Specification; Changes), IX (Confidentiality), X (Procedures for Third-Party Beneficiary Claims, Paragraph 11.03 (Effect of Termination) or Paragraph 11.04 (Survival) of the Hi-MD – Secure Video Recording Format - Content Protection License Agreement then in effect (other than changes made pursuant to a Video Addendum in the form attached hereto as Exhibit C-2, as such form may be modified pursuant to clause (2) of this Section 3.6(a)) or of the form Hi-MD – Secure Video Recording Format - Content Protection License Agreement attached hereto as Exhibit C-1, and to the Robustness Rules; (2) any proposed change, addition or supplement to ARTICLES I (Definitions), II (Intellectual Property), III (Specification; Changes), IV (Device Node Keys for Hi-MD Video), V (Revocation), VI (Procedures for Third-Party Beneficiary Claims) or Paragraph 7.02 (Effect of Termination) of the Video Addendum then in effect or of the form Video Addendum attached hereto as Exhibit C-2, and to the Compliance Rules; (3) any proposed change, addition or supplement to ARTICLES I (Definitions), II (Intellectual Property), III (Specification; Changes), VII (Confidentiality), VIII (Procedures for Third-Party Beneficiary Claims), Paragraph 9.03 (Effect of Termination) or Paragraph 9.04 (Survival) of any IC Adopter Agreement then in effect or in the form IC Adopter Agreement attached hereto as Exhibit D, (4) any proposed change, addition or supplement to ARTICLES I (Definitions), II (Intellectual Property), III (Specification; Changes), VI (Confidentiality), VII (Procedures for Third-Party Beneficiary Claims), Paragraph 8.03 (Effect of Termination) or Paragraph 8.04 (Survival) of any Media Adopter Agreement then in effect or the form Media Adopter Agreement attached hereto as Exhibit E-1, (5) any change to any other Operative Protection Agreements (other than the SVR CP Specifications) that

would affect the integrity or security of MG-R(SVR) for Hi-MD, or the operation of MG-R(SVR) for Hi-MD with respect to protecting Commercial Audiovisual Content from any unauthorized output, transmission, interception or copying, or the rights of Content Participant with respect to MG-R(SVR) for Hi-MD; (6) the proposed issuance, execution or amendment by Sony of any other document that would affect the integrity or security of MG-R(SVR) for Hi-MD, or the operation of MG-R(SVR) for Hi-MD with respect to protecting Commercial Audiovisual Content from any unauthorized output, transmission, interception or copying, or the rights of Content Participant with respect to MG-R(SVR) for Hi-MD; (7) any notice to any Licensee that such Licensee may have longer than eighteen (18) months to comply with a change to the SVR CP Specifications, Compliance Rules and Robustness Rules; and (8) any change to the SVR CP Specifications affecting Commercial Audiovisual Content. For the purposes of this Agreement, each of the items as to which Content Participant is to receive advance written notice as described in clauses (1) to (8) above is a “Developers’ Proposed Action.”

(b) Except as otherwise expressly provided in this Section 3.6, for so long as Content Participant is an Eligible Content Participant, it shall have the right, either on its own or with one or more Fellow Content Participants that are each an Eligible Content Participant under their respective Content Participant Agreement, to file a written objection to any Developers’ Proposed Action that it believes would have a material and adverse effect on the integrity or security of MG-R(SVR) for Hi-MD, or the operation of MG-R(SVR) for Hi-MD with respect to protecting Commercial Audiovisual Content from any unauthorized output, transmission, interception or copying, or the rights of Content Participant with respect to MG-R(SVR) for Hi-MD. Any such objection shall set forth with specificity the alleged material and adverse effects on the integrity or security of MG-R(SVR) for Hi-MD, or the operation of MG-R(SVR) for Hi-MD with respect to protecting Commercial Audiovisual Content from any unauthorized output, transmission, interception or copying, or the rights of Content Participant with respect to MG-R(SVR) for Hi-MD, and shall be delivered to Sony no later than fifteen (15) business days after the date of service of notice by Sony pursuant to Section 3.6(a) at the address specified in the notice provisions of this Agreement.

(c) Sony agrees to consider any such objection given pursuant to Section 3.6(b) hereof in good faith. If Sony rejects such objection, Sony shall promptly notify Content Participant of receipt of such objection, and explain in such notice, with specificity, the reasons for such rejection and why the action would not be material or have an adverse effect, including the benefits that would be afforded by the Developers’ Proposed Action. If Sony does not receive any written objection from Content Participant or one or more Fellow Content Participants pursuant to Section 3.6(b), Sony may take the applicable Developers’ Proposed Action.

(d) In the event Sony has served notice referenced in Section 3.6(a) to Content Participant by (x) mail postmarked in the same country as the country in which Content Participant is to receive notices, three (3) days shall be added to the prescribed period for filing an objection or (y) mail postmarked in a country other than the country in which Content Participant is to receive notices, fifteen (15) days shall be added to the prescribed period for filing an objection.

(e) If (x) Content Participant is a Major Content Participant and has objected to a Developers' Proposed Action pursuant to Section 3.6(b), (y) Content Participant is joined by other Fellow Content Participants that are Major Content Participants and also are Eligible Content Participants under each of their Content Participant Agreements, which, together with Content Participant, constitute a majority of Major Content Participants, and (z) such majority continues to object to the Developers' Proposed Action notwithstanding communication with Sony pursuant to this Section 3.6, then Content Participant and such Fellow Content Participants (the "Arbitrating Content Participants") shall have the right, within thirty (30) days from receipt of Sony's rejection of such objection pursuant to Section 3.6(c), to initiate an arbitration in accordance with the provisions of this Section 3.6(e).

(i) In such arbitration, the Arbitrating Content Participants shall have the burden of demonstrating, based on the preponderance of evidence, that the Developers' Proposed Action is material and adversely affects the integrity or security of MG-R(SVR) for Hi-MD, or the operation of MG-R(SVR) for Hi-MD with respect to protecting Commercial Audiovisual Content from any unauthorized output, transmission, interception or copying, or the rights of the Arbitrating Content Participants with respect to MG-R(SVR) for Hi-MD (for purposes of this Section 3.6, "material and adverse"). Changes that only insignificantly diminish the integrity, security or operation of MG-R(SVR) for Hi-MD with respect to protecting Commercial Audiovisual Content from any unauthorized output, transmission, interception or copying, or the rights of Content Participants with respect to MG-R(SVR) for Hi-MD, shall not be deemed "material" or "adverse."

(ii) Notwithstanding the foregoing provision, the arbitrator(s) may, in his, her or their discretion take into consideration the cumulative effect of multiple related changes made within the then-preceding two (2)-year period that are not material and adverse when considered in isolation, provided that in any such consideration the arbitrator(s) afford(s) countervailing weight to any changes made within the then-preceding two (2)-year period, whether related or not, that have had or, when implemented, will have a beneficial effect on the integrity or security of MG-R(SVR) for Hi-MD or the operation of MG-R(SVR) for Hi-MD with respect to protecting Commercial Audiovisual Content from any unauthorized output, transmission, interception or copying, or the rights of Fellow Content Participants with respect to MG-R(SVR) for Hi-MD.

(iii) Where the Arbitrating Content Participants have the burden of demonstrating that the Developers' Proposed Action is material and adverse, if they have carried such burden, then Sony may not take the Developers' Proposed Action unless Sony demonstrates, based on the preponderance of evidence, that the Developers' Proposed Action provides a material legal benefit in the form of avoidance of a reasonably-perceived potential legal liability to Sony or Licensees that cannot practicably be achieved except by taking the Developers' Proposed Action.

(iii) There shall be a sole arbitrator, who shall be selected by Sony and the Arbitrating Content Participants (collectively, the "Arbitrating Parties") from

the National Panel of Commercial Arbitrators of the American Arbitration Association within fourteen (14) days of the initiation of arbitration; provided, however, that in the event the Arbitrating Parties cannot agree on a sole arbitrator within such fourteen (14)-day period, Sony and the Arbitrating Content Participants shall each, promptly thereafter, select one arbitrator from the National Panel of Commercial Arbitrators of the American Arbitration Association and those two (2) arbitrators shall jointly select a third arbitrator from the National Panel of Commercial Arbitrators of the American Arbitration Association, who shall serve as the presiding arbitrator and chairperson of such arbitration.

(iv) The Arbitrating Content Participants and Sony shall, during the course of the arbitration, share equally the costs of arbitration set forth in Section 3.6(e)(F), provided, however, that the arbitrator(s) shall award the prevailing party or parties all of its or their costs and expenses, other than attorneys' fees and expenses. In addition, if the arbitrator(s) find(s) that either Sony or the Arbitrating Content Participants has or have advanced its or their position in bad faith or frivolously, he, she or they shall order such party or parties to reimburse the other party or parties for its or their reasonable attorneys' fees and expenses.

(v) The arbitrator(s) is (are) empowered solely to determine (1) whether the Arbitrating Content Participants have carried their burden of demonstrating that a Developers' Proposed Action is material and adverse and (2) whether or not Sony may take a particular Developers' Proposed Action.

(vi) The arbitration specified in this Section 3.6(e) shall be conducted in accordance with the following provisions:

- (A) The arbitration shall be conducted in New York City (Borough of Manhattan), New York, in accordance with the International Arbitration Rules of the American Arbitration Association. The language of the arbitration shall be English.
- (B) The arbitrator(s) may conduct the arbitration in such manner as he, she or they shall deem appropriate, including the imposition of time limits that he, she or they consider(s) reasonable for each phase of the proceeding, but with due regard for the need to act, and make a final determination, in an expeditious manner. The arbitrator(s) shall set a schedule to endeavor to complete the arbitration within one (1) month.
- (C) The arbitrator(s) shall permit and facilitate such limited discovery as he, she or they shall determine is reasonably necessary, taking into account the needs of the Arbitrating Parties and the desirability of making discovery as expeditious and cost-effective as possible, recognizing the need to discover relevant information and that only one party may have such information.

- (D) The Arbitrating Parties and the arbitrator(s) shall treat the arbitration proceedings, any related discovery, documents and other evidence submitted to, and the decision of, the arbitrator(s) as Confidential Information. In addition, and as necessary, the arbitrator(s) may issue orders to protect the confidentiality of proprietary information, trade secrets and other sensitive information disclosed in discovery or otherwise during the arbitration.
- (E) Any decision by the arbitrator(s) shall be final and binding on the Arbitrating Parties, except that whether the arbitrator(s) exceeded his, her or their authority, as specifically described in this Agreement, shall be fully reviewable by a court of competent jurisdiction. Judgment upon any award shall be entered in a court of competent jurisdiction.
- (F) The arbitrator(s) shall be compensated at his, her or their hourly rates, determined at the time of appointment, for all time spent in connection with the arbitration, and shall be reimbursed for reasonable travel and other expenses. The arbitrator(s) shall determine all costs of the arbitration, including the arbitrator(s)' fees and expenses, the costs of expert advice and other assistance engaged by the arbitrator(s), the cost of a transcript and the costs of meeting and hearing facilities. The arbitrator(s) shall endeavor to ensure that all such costs are reasonable.

(f) If (i) no arbitration has been initiated with respect to a Developers' Proposed Action pursuant to Section 3.6(e); or (ii) the arbitrator(s) determine(s) that the Arbitrating Content Participants have not carried their burden of demonstrating that the Developers' Proposed Action is material and adverse, then Sony may take the Developers' Proposed Action, and such action may be effective, according to its terms, thirty (30) days after receipt of Sony's rejection pursuant to Section 3.6(c) or such final determination of the arbitrator(s). In the event that the inability to take a Developers' Proposed Action exposes Sony or its Subsidiaries to potential legal liabilities based on a claim of infringement which cannot practically be avoided except by taking the Developers' Proposed Action, and the Arbitrating Content Participants nonetheless continue to object to the Developers' Proposed Action, Sony and the Arbitrating Content Participants shall discuss in good faith whether and in what circumstances Sony can continue to license MG-R(SVR) for Hi-MD, taking into account considerations, including but not limited to (x) Arbitrating Content Participants' and other content owners' willingness and ability to indemnify Sony and its Subsidiaries with respect to such claim and (y) other costs and liabilities to Sony. If, after such discussions, the Arbitrating Content Participants and Sony are unable to agree on the circumstances in which Sony would be willing to continue to license MG-R(SVR) for Hi-MD, Sony may terminate this Agreement and any other license agreement relating to MG-R(SVR) for Hi-MD to which it is a party.

3.7 New Circumstances. The Parties acknowledge that the Robustness Rules impose certain obligations on Licensees in the event of New Circumstances (as defined in the Robustness

Rules). Content Participant may notify Sony of information regarding any circumstances that Content Participant believes in good faith constitute New Circumstances with respect to one or more Licensees, and Sony shall make such information available to the relevant Licensees.

#### **4. ADMINISTRATION FEES.**

4.1 Administration Fee. In consideration of the rights conferred upon Content Participant and the undertakings assumed by Sony as set out herein, Content Participant agrees to pay to Sony a yearly, non-refundable, non-recoupable sum in the amount set out in Exhibit B (the “Administration Fee”). The first payment of such yearly fee shall be due within fifteen (15) days from the Effective Date and the subsequent yearly fees shall be payable by March 1 of the year following the year in which this Agreement has been entered into and of each subsequent year thereafter. As of the first anniversary of the Effective Date, and on an annual basis thereafter, Sony shall have the right, upon at least thirty (30) days’ notice to Content Participant, to adjust the Administration Fee on a reasonable and nondiscriminatory basis, provided that any increase in such fee shall not exceed an amount commensurate with any increase in Sony’s costs (including but not limited to the cost of inflation). In the event that, at any time during the term of this Agreement, Content Participant fails to pay the yearly fee in accordance with the provisions hereof, Sony shall notify Content Participant of such omission, in writing. Content Participant shall remedy its failure to pay the yearly fee within fifteen (15) days from receipt of such written notification and only the failure to pay the yearly fee within such 15-day period shall constitute a material breach by Content Participant of its obligations under this Agreement.

#### **5. ENCODING RULES.**

##### **5.1 Encoding Rules.**

5.1.1 Content Participant shall not encode, or direct to be encoded, Commercial Audiovisual Content so as to prevent or limit copying thereof in Licensed Products except as follows:

(a) to prevent or limit copying of Prerecorded Media, Video on Demand, Pay-Per-View, Subscription-on-Demand, and Undefined Business Models that are Comparable to any of the foregoing; and

(b) to prevent or limit copying, other than such first generation of copies as are permitted under the Compliance Rules, of Pay Television Transmissions, Non-Premium Subscription Television, Free Conditional Access Delivery, and Undefined Business Models that are Comparable to any of the foregoing.

5.1.2 Content Participant shall not encode, or direct to be encoded, Commercial Audiovisual Content so as to prevent or limit the retransmission thereof except as follows:

(a) Content Participant may so encode, or direct to be encoded, Commercial Audiovisual Content pursuant to Section 5.1.1;

(b) Content Participant may so encode, or direct to be encoded, any Defined Business Models and any Undefined Business Models that are Comparable to such Defined Business Models.

5.1.3 Content Participant shall not encode, or direct to be encoded, using the Image Constraint Token, Commercial Audiovisual Content so as to prevent or limit any Licensed Products from outputting such content in the form of Decrypted SVR Data in High Definition Analog Form or any unprotected digital equivalent thereof, except with respect to Prerecorded Media, Pay Television Transmissions, Video-on-Demand, Subscription-on-Demand, Pay-Per-View, an Undefined Business Model that is Comparable to any of the foregoing, or any other Conditional Access Delivery of a Commercial Audiovisual Content that had a theatrical release, or was released direct-to-video, and is transmitted or delivered uninterrupted by Commercial Advertising Messages. For purposes of Section 5.1.2(c), to “encode, or direct to be encoded, using the Image Constraint Token” means to direct or cause the setting of the Image Constraint Token so as to cause a Licensed Product that outputs Decrypted SVR Data to a High Definition Analog Output or an unprotected digital equivalent thereof, to output such Decrypted SVR Data as a Constrained Image.

The provisions of this Agreement shall not be taken or offered by any Party as a waiver or license of any copyright interest or an admission of the existence of infringement (or not) of a copyright interest, but represents a technical accommodation with respect to MG-R(SVR) for Hi-MD. Without limiting any term or condition of this Agreement, this Agreement shall not be construed to limit Content Participant’s right to seek to protect Commercial Audiovisual Content through means other than MG-R(SVR) for Hi-MD, and the Encoding Rules apply only with respect to the application of MG-R(SVR) for Hi-MD.

## 5.2 Encoding Rules for Different Business Models and Review Proceeding.

5.2.1 If Content Participant desires to encode or direct to be encoded, Commercial Audiovisual Content in accordance with any business model for the delivery or transmission of such Commercial Audiovisual Content that Content Participant believes does not fall within the definitions of any Defined Business Model (an “Undefined Business Model”), then:

(a) Content Participant, in encoding, or directing to be encoded, such Commercial Audiovisual Content shall comply with the specific Encoding Rules, permitted by Section 5.1, that are applicable to the Defined Business Model that most closely approximates Content Participant’s Undefined Business Model; and

(b) Content Participant shall make a good faith attempt to notify Sony by the date on which Content Participant makes a public announcement of its determination to implement such business model.

In any event, Content Participant shall give such notice as soon as practicable after such public announcement and by no later than the date on which such Undefined Business Model is actually implemented; provided that the failure of Content Participant to provide such notice shall not be deemed a breach of this Agreement, unless such failure is a result

of Content Participant not making a good faith attempt to comply with this Section 5.2.1. In all cases, a press release issued by Content Participant and sent to Sony announcing such Undefined Business Model shall suffice to constitute the notice required by this Section 5.2.1.

5.2.2 Any notice provided under Section 5.2.1, other than a press release, shall set forth the Encoding Rules adopted or proposed to be adopted by Content Participant and which Defined Business Model Content Participant believes most closely approximates Content Participant's Undefined Business Model. If the notice provided under Section 5.2.1 is a press release and if such press release does not specify the Encoding Rules adopted by Content Participant for such business model, Content Participant shall, as soon as practicable but, in any event, no later than ten (10) business days after the publication of such press release, provide Sony with a second notice that specifies the Encoding Rules adopted or proposed to be adopted by Content Participant for such business model; provided that the failure of Content Participant to provide such notice shall not be deemed to be a breach of this Agreement, unless such failure is a result of Content Participant not making a good faith attempt to comply with this Section 5.2.2.

5.2.3 For purposes of clarification, a temporary, bona fide trial of a proposed Undefined Business Model shall not be deemed to be a business model as to which notice is required to be given under Section 5.2.1, nor shall it otherwise be deemed to be a breach of any other provision of this Agreement.

5.2.4 Either Sony or Content Participant, on its own initiative or after Sony receives the notice sent pursuant to Section 5.2.1, may notify the other that it desires to meet in order to determine whether Content Participant has complied with Section 5.2.1. Promptly following such other Party's receipt of such notice requesting such meeting, Sony and Content Participant shall meet in good faith to attempt to make such determination. Sony shall keep confidential, and shall not disclose to any third party (other than to its Affiliates and their respective agents and representatives, which agents and representatives have agreed in writing, or are otherwise bound by a fiduciary or legal duty, to keep such information confidential) any proprietary business information disclosed by Content Participant during such meeting that Content Participant designates in writing as "Confidential," provided, however, that Sony shall not be precluded from disclosing such information in any arbitration initiated pursuant to Section 5.2.5 or as may otherwise be necessary to enforce its rights under this Agreement, and provided further that such restriction shall not apply if such information becomes generally known to the public or has been disclosed to Sony by a third party not bound by obligations of confidentiality.

5.2.5 If, after the meetings required by Section 5.2.4, Sony believes that Content Participant is proposing to encode or direct to be encoded, or has encoded or directed to be encoded, Commercial Audiovisual Content, in a manner that would not comply with the specific Encoding Rules, permitted by Section 5.1, that are applicable to the Defined Business Model that most closely approximates Content Participant's Undefined Business Model, Sony's sole remedy shall be to initiate an arbitration in accordance with Section 3.6(f) and this Section 5.2. In such arbitration, Content Participant shall have the burden of demonstrating, based on the preponderance of evidence, that it is or will be encoding such Commercial Audiovisual Content in compliance with Section 5.2.1. In any such arbitration,

the arbitrator(s) is (are) empowered solely to determine whether Content Participant has carried such burden, and if it has not, which specific Encoding Rules should apply to such Commercial Audiovisual Content based upon the Defined Business Model that most closely approximates Content Participant's Undefined Business Model. In no event is any arbitrator or any court considering mandating arbitration or the enforcement of any decision of any arbitrator, empowered to award any monetary amount or other relief, except as specifically provided in Section 5.2.6.

5.2.6 Each of the parties to the arbitration initiated pursuant to Section 5.2.5 shall bear its own costs and expenses in such arbitration, and otherwise shall share equally the costs of such arbitration. Notwithstanding the immediate preceding sentence and the last sentence of Section 5.2.5, if the arbitrator(s) find(s) that (x) Content Participant's selection of the Encoding Rules for an Undefined Business Model, based on the specific Encoding Rules that are applicable to the Defined Business Model that most closely approximates such Undefined Business Model, was not bona fide, or was capricious or frivolous, or (y) Sony's initiation of an arbitration pursuant to Section 5.2.5 was not bona fide, or was capricious or frivolous, then the arbitrator(s) is (are) empowered to award Sony (in the case of the finding set forth in clause (x)) or Content Participant (in the case of the finding set forth in clause (y)), such Party's costs and expenses, and reasonable outside legal fees and expenses, incurred in such arbitration.

5.2.7 The Parties intend that the issue of which specific Encoding Rules should apply to the transmission or other delivery of Commercial Audiovisual Content pursuant to an Undefined Business Model should be resolved expeditiously. If the date on which Content Participant notifies Sony in accordance with Section 5.2.1 is sixty (60) or fewer days prior to Content Participant's commencement of any such transmission or other delivery, then Sony and Content Participant shall conduct any meetings, or participate in any arbitration initiated pursuant to Section 5.2.5, on an expedited basis. Sony and Content Participant shall take all reasonable efforts to have any such arbitration concluded as expeditiously as possible. Without limiting the foregoing, Sony and Content Participant (x) agree to submit statements providing support for their positions, all supporting documents and witness statements from any witnesses on which they intend to rely within fifteen (15) days after the arbitrator is selected, (y) shall agree on a date for a hearing that is no later than fifteen (15) days after the date of such submission and (z) shall request the arbitrator(s) to render his, her or their determination within fifteen (15) days after such hearing.

5.2.8 If, in accordance with the good faith meetings required by Section 5.2.4, Sony and Content Participant agree as to which specific Encoding Rules should apply to such Commercial Audiovisual Content, or if, in an arbitration conducted pursuant to Section 5.2.5, the arbitrator determines that Content Participant does not or will not comply with the specific Encoding Rules, permitted by Section 5.1, that are applicable to the Defined Business Model that most closely approximates Content Participant's Undefined Business Model, then Content Participant shall implement such agreement or so comply with such Encoding Rules as soon as practicable thereafter.

## 6. REVOCATION.

6.1 Generally. The SVR CP Specifications include means by which certain Licensed Product's Device Node Keys for Hi MD Video may be invalidated, rendering such products unable to decode data via MG-R(SVR) for Hi-MD (generally, "Revocation" or "Revoked").

### 6.2 Content Participant Request for Revocation.

(a) For so long as Content Participant is an Eligible Content Participant, it shall have the right, either on its own or with one or more Fellow Content Participants in which each member of such group is an Eligible Content Participant under its respective Content Participant Agreement to seek Revocation by providing proof to Sony in a sworn affidavit (the "Content Participant Affidavit") of any of the facts relating to any particular Device Node Key for Hi-MD Video that would satisfy one or more of the Revocation Criteria (defined below) and to initiate an arbitration proceeding (Content Participant and such other Fellow Content Participants, if any, that initiate such arbitration, for the purposes of this Section 6.2, the "Arbitrating Content Participants"), in accordance with Section 3.6(e)(vi) (except that the terms "Arbitrating Content Participants" and "Arbitrating Parties" shall have the meanings given in this Section 6.2(a) and this Section 6.2(a), provided, however, Content Participant may not initiate an arbitration to seek Revocation of the same Device Node Key for Hi-MD Video based on the same set of facts at issue in any prior arbitration initiated by a Fellow Content Participant. The Content Participant Affidavit shall be sufficiently detailed that Sony can determine, solely on the basis of such affidavit whether the facts averred satisfy one or more of the Revocation Criteria:

(i) Upon receipt of the Content Participant Affidavit, Sony shall review it in light of the Revocation Criteria and, promptly determine whether the facts averred in the Content Participant Affidavit satisfy one or more of the Revocation Criteria.

(ii) Sony shall promptly provide any Licensee to whom Sony or its designee had issued a Device Node Key for Hi-MD Video for which Revocation has been requested by Content Participant with notice of such requested Revocation and a copy of the Content Participant Affidavit. If such Licensee notifies Sony in writing that such Licensee consents to such Revocation, Sony shall take steps to Revoke the applicable Device Node Key for Hi-MD Video.

(iii) If the Licensee objects to the Revocation, or does not consent to such Revocation, within fifteen (15) days of receipt of Sony's notice pursuant to Section 6.2(a)(ii), Sony shall so notify Content Participant. Content Participant may initiate an arbitration proceeding to resolve the matter, in accordance with the following procedures, within thirty (30) days after receipt of such notice from Sony.

(iv) The parties to the arbitration shall be the Arbitrating Content Participants, the affected Licensee(s), if any, that objected to the Revocation pursuant to Section 6.2(a)(iii) and/or any designee(s) that such Licensee(s) may designate (such Licensees and designees, collectively, the "Affected Licensees")

and/or, at its election, Sony (collectively, the “Arbitrating Parties”). The Arbitrating Content Participants shall bear the burden of proof in demonstrating, by a preponderance of the evidence, that one or more of the Revocation Criteria have been satisfied.

(v) There shall be a sole arbitrator, who shall be selected by the Arbitrating Parties from the National Panel of Commercial Arbitrators of the American Arbitration Association within fourteen (14) days of the initiation of arbitration; provided, however, that in the event the Arbitrating Parties cannot agree on a sole arbitrator within such fourteen (14)-day period, the Arbitrating Content Participants, on the one hand, and the other Arbitrating Parties, on the other hand, shall each, promptly thereafter, select one arbitrator from the National Panel of Commercial Arbitrators of the American Arbitration Association and those two arbitrators shall jointly select a third arbitrator from the National Panel of Commercial Arbitrators of the American Arbitration Association, who shall serve as the presiding arbitrator and chairperson of such arbitration.

(vi) The arbitrator(s) is (are) empowered solely to determine (a) whether one or more of the Revocation Criteria have been satisfied and (b) if so, only in the circumstance set forth in clause (x) of this Section 6.2(a)(vi), whether Revocation is warranted. Any such determination by the arbitrator(s) shall be final and binding on the parties to the arbitration, and on Sony, if it is not a party to the arbitration, except that whether the arbitrator(s) exceeded his her, or their, authority as specifically described in this Section 6.2(a)(vi), shall be fully reviewable by a court of competent jurisdiction. In any such arbitration, the Affected Licensee(s), if any, may introduce evidence solely to support the position that one or more of the Revocation Criteria have not been satisfied. In the event that the Arbitrator(s) determine(s) that the Revocation Criteria set forth in Section 6.2(a)(ii) have been satisfied, (x) if Sony is a party to the arbitration and objects to Revocation, it shall have the burden of demonstrating, by a preponderance of the evidence, that Revocation is not warranted, and if Sony fails to meet such burden, Revocation shall be deemed warranted and (y) if Sony is not a party to the arbitration, Revocation shall be deemed to be warranted. In the event that the arbitrator(s) determine(s) that the Revocation Criteria set forth in Section 6.2(a)(i) have been satisfied, Revocation shall be deemed warranted.

(vii) All costs and fees shall be shared equally as between the Arbitrating Content Participants, on the one hand, and the Affected Licensees, if any, that participate in the arbitration, on the other, provided, however, the arbitrator(s) may otherwise apportion such costs and fees among such Arbitrating Content Participants and Affected Licensees, if any, as the arbitrator(s) may determine.

(viii) The prevailing party in such arbitration shall provide to Sony a copy of the arbitrator(s) decision. If, pursuant to this Section 6.2(a), Revocation is warranted, Sony shall, promptly after it receives such decision, take steps to Revoke the applicable Device Node Key for Hi-MD Video.

(b) In the event that Content Participant seeks Revocation (unilaterally or with one or more Fellow Content Participants) in accordance with Section 6.2(a), the objective Revocation criteria set out in either Section 6.2(b)(i) or Section 6.2(b)(ii) (the “Revocation Criteria”) must be satisfied.

(i) a Device Node Key for Hi-MD Video has been cloned such that the same Device Node Key for Hi-MD Video is found in more than one device or product; or

(ii) a Device Node Key for Hi-MD Video has been lost, stolen, intercepted or otherwise misdirected or made public or disclosed in violation of an Adopter Agreement.

## **7. CONFIDENTIALITY.**

7.1 Treatment. Content Participant shall comply with the terms of this Section 7.

7.2 Permitted Use. Content Participant shall use Confidential Information solely as may be necessary for the activities contemplated under this Agreement, and shall not use any mentally-retained recollections thereof to circumvent or copy the methods disclosed in the SVR CP Specifications or any other Confidential Information or to circumvent any obligations under this Agreement.

7.3 Confidential Information. Content Participant may disclose Confidential Information only to (i) regular employees of Content Participant and individuals retained as independent contractors who have a reasonable need to know and are bound in writing by obligations of confidentiality sufficient to protect the Confidential Information in accordance with the terms of this Agreement or (ii) Content Participant’s attorneys, auditors or other agents who owe Content Participant a duty of confidentiality and are bound to maintain such information in confidence as a result of a fiduciary relationship. Content Participant shall use the same degree of care, but no less than a reasonable degree of care, to avoid unauthorized disclosure or use of Confidential Information as Content Participant employs with respect to its comparably important confidential information. Notwithstanding the foregoing, Content Participant or Sony may disclose Content Participant’s status as a party to this Agreement, and such disclosure shall not constitute a disclosure of Confidential Information.

7.4 Contact Person. Content Participant shall designate a single employee and an alternate employee who shall receive all Confidential Information disclosed by Sony.

7.5 Notification of Unauthorized Use or Disclosure. Content Participant shall notify Sony immediately upon discovery of any unauthorized use or disclosure of Confidential Information, and will cooperate with Sony in every reasonable way to regain possession of such Confidential Information and prevent its further unauthorized use or disclosure.

7.6 Disclosure Required by Law. If Content Participant is required by law, regulation or order of a court or other authority of competent jurisdiction to disclose Confidential Information, Content Participant shall notify Sony as promptly as possible, and shall, upon Sony’s request, reasonably cooperate in challenging or restricting the scope of such required disclosure.

7.7 Confidentiality Exceptions. The confidentiality restrictions contained in this Section 7 shall not apply to Confidential Information that Content Participant can demonstrate: (i) is or becomes or has become generally known to the public through no breach of Content Participant's obligations owed to Sony and which Sony failed to remove from public availability or to enjoin such public disclosure within 120 days after the date such information is or becomes generally known as set forth above; or (ii) is or has been developed by Content Participant's employees (whether independently or jointly with others) without having access (whether directly or through any intermediaries) to any such Confidential Information (or any translation, derivation or abstractions of Confidential Information) and without any breach of Content Participant's obligations to Sony; or (iii) is or has been disclosed to Content Participant by a third party that had developed (whether independently or jointly with others) or obtained such information without any access (whether directly or through any intermediaries) to any Confidential Information and without any breach of any such third party's obligations to Sony or any of its Subsidiaries or any violation of applicable law by such third party.

7.8 Highly Confidential Information. In addition to the confidentiality obligations set forth in this Section 7, Content Participant shall not be permitted to receive any Highly Confidential Information unless and until Content Participant has executed a nondisclosure agreement in the form set forth in Exhibit F, an original of which shall be delivered by Content Participant to Sony within two (2) business days of the execution thereof.

7.9 Confidentiality Period. The confidentiality obligations set forth in this Agreement shall continue until ten (10) years after the last date of manufacture by any entity of any product implementing MG-R(SVR).

7.10 Reverse Engineering. Content Participant shall under no circumstances reverse engineer, decompile, disassemble or otherwise determine the operation of the SVR CP Specifications. Nothing herein shall be construed as an inducement for Content Participant to reverse engineer any products or components in which the SVR CP Specifications are implemented.

## **8. TERM/TERMINATION.**

8.1 Termination. This Agreement shall be effective upon the Effective Date and shall remain in effect until terminated in accordance with the terms of this Section 8.

8.1.1 Termination by Content Participant. Content Participant shall have the right to terminate this Agreement at any time on or after the first anniversary of the Effective Date upon ninety (90) days prior notice to Sony for any reason or for no reason, or upon reasonable notice to Sony in the event a third-party claim is made that may subject Content Participant to legal liability in connection with MG-R(SVR) for Hi-MD or this Agreement.

8.1.2 Breach. Either Party shall have the right to terminate this Agreement upon notice to the other Party in the event of a material breach by such other Party, which breach remains uncured after, or is not capable of cure within, thirty (30) days of the non-breaching Party providing notice of such breach to the breaching Party.

8.2 Effect of Termination. Within thirty (30) days after termination of this Agreement, Content Participant shall, at the direction of Sony, either: (i) return all Confidential Information to

Sony, retaining no copies thereof; or (ii) destroy all Confidential Information in its possession, retaining no copies thereof, and certify such destruction in writing to Sony. In no event shall Content Participant have any liability, after the termination of this Agreement, for any effects, after such termination, of Content Participant having encoded, or directed to be encoded, in accordance with the terms of this Agreement, Commercial Audiovisual Content prior to such termination, including but not limited to in masters or other copies of such content made before such termination.

8.3 Survival. The terms of Sections 2.1 (with respect to any claims of infringement arising prior to termination), 2.2 (with respect to Licensed Patents and Licensed Know-How and Copyrights embodied in the versions of the SVR CP Specifications issued prior to the date of termination), 7, 8.2, 9.2, 10, 11 (with respect to any claims arising prior to termination), 12 and this Section 8.3 shall survive any termination of this Agreement.

## **9. REPRESENTATIONS.**

9.1 Eligibility. Content Participant represents that it is causing or permitting distribution or transmission, or that it intends to cause or permit distribution or transmission of, Commercial Audiovisual Content with the expectation that such content may be protected with MG-R(SVR) for Hi-MD.

9.2 Compliance with Laws. Content Participant and Sony each represent and warrant that they shall comply with all applicable governmental regulations, laws and orders pertaining to MG-R(SVR) for Hi-MD, including but not limited to with respect to export requirements pursuant to Section 12.6.

## **10. WARRANTY, DISCLAIMER AND LIMITATION OF LIABILITY.**

The terms of this Section 10 limit the ability of Content Participant to recover any damages from Sony in excess of fees actually paid to Sony by Content Participant; provided that such limitation does not apply with respect to any damages to Content Participant due to gross negligence caused by Sony. Such terms are an essential part of the bargain, without which Sony would not be willing to enter into this Agreement.

10.1 Disclaimer. EXCEPT AS EXPRESSLY PROVIDED HEREIN, ALL INFORMATION, MATERIALS ARE PROVIDED "AS IS." SONY MAKES NO REPRESENTATIONS OR WARRANTIES, EXPRESS, IMPLIED, STATUTORY OR OTHERWISE, AND EXPRESSLY DISCLAIM IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE AND ANY EQUIVALENTS UNDER THE LAWS OF ANY JURISDICTION THAT MIGHT ARISE FROM ANY ACTIVITIES OR INFORMATION DISCLOSURES RELATING TO THIS AGREEMENT, ANY ADOPTER AGREEMENT OR ANY OTHER ACTIVITY OF SONY. WITHOUT LIMITING THE FOREGOING, SONY DOES NOT REPRESENT OR WARRANT THAT MG-R(SVR) FOR Hi-MD IS IMMUNE TO HACKING, CODE-BREAKING, PIRACY OR OTHER EFFORTS TO CIRCUMVENT SUCH SYSTEM. SONY FURTHER DISCLAIMS ANY WARRANTY THAT ANY IMPLEMENTATION OF THE SVR CP SPECIFICATIONS, IN WHOLE OR IN PART, WILL BE FREE FROM INFRINGEMENT OF ANY THIRD PARTY'S INTELLECTUAL PROPERTY OR PROPRIETARY RIGHTS.

10.2 Limitation of Liability. NEITHER SONY NOR ITS RESPECTIVE AFFILIATES NOR ANY OF THEIR RESPECTIVE DIRECTORS, OFFICERS, EQUIVALENT CORPORATE OFFICIALS, MEMBERS, EMPLOYEES, AGENTS OR REPRESENTATIVES ACTING IN THEIR CAPACITIES AS SUCH (COLLECTIVELY, THE “AFFECTED PARTIES”) SHALL BE LIABLE TO CONTENT PARTICIPANT FOR ANY INDIRECT, INCIDENTAL, CONSEQUENTIAL, SPECIAL OR PUNITIVE DAMAGES ARISING OUT OF ANY CAUSE OF ACTION RELATING TO THIS AGREEMENT, OR BASED ON ANY PERSON’S OR ENTITY’S USE OF, OR MAKING, USING, SELLING OR IMPORTING ANY PRODUCTS THAT IMPLEMENT, MG-R(SVR) FOR Hi-MD, WHETHER UNDER THEORY OF CONTRACT, TORT, INDEMNITY, PRODUCT LIABILITY OR OTHERWISE. TO THE EXTENT THAT ANY COURT OF COMPETENT JURISDICTION RENDERS JUDGMENT AGAINST ANY OF THE AFFECTED PARTIES, NOTWITHSTANDING THE ABOVE LIMITATION, THE AFFECTED PARTIES’ AGGREGATE LIABILITY TO CONTENT PARTICIPANT IN CONNECTION WITH THIS AGREEMENT SHALL IN NO EVENT EXCEED ONE YEAR’S FEES PAID BY CONTENT PARTICIPANT HEREUNDER; PROVIDED THAT THE LIMITATION OF LIABILITY SET OUT IN THIS SECTION 10.2 SHALL NOT APPLY TO ANY DAMAGES TO CONTENT PARTICIPANT DUE TO GROSS NEGLIGENCE CAUSED BY SONY.

## **11. REMEDIES.**

11.1 Equitable Relief. Content Participant and Sony agree and acknowledge that due to the unique nature of certain provisions hereof and the lasting effect of and harm from a breach of such provisions, if Content Participant breaches its obligations hereunder, money damages alone may not adequately compensate an injured party, and that injury to such party may be irreparable, and that specific performance or other temporary, preliminary, or permanent injunctive or equitable relief is an appropriate remedy to prevent further or threatened breaches of such obligations. Sony’s remedies hereunder for any breach by Content Participant of this Agreement shall be limited to such injunctive or equitable relief, except in the event that Content Participant wilfully breaches, or engages in a pattern or practice of breaching, its obligations hereunder, it shall be liable for Sony’s attorneys’ fees and expenses incurred in connection with any enforcement action brought by Sony in which Sony is the prevailing party. Exercise of Sony’s rights, or any Licensee’s third-party-beneficiary rights, under this Section 11 shall not constitute an election against any statutory or other extra-contractual remedy against Content Participant.

11.2 Licensee Third-Party-Beneficiary Rights. The Parties acknowledge and agree that the compliance of Content Participant with the terms of this Agreement, and the compliance of the other Fellow Content Participants with their respective Content Participant Agreements, is essential to MG-R(SVR) for Hi-MD. As part of the consideration of the rights and licenses granted to Content Participant hereunder, Content Participant hereby confers a third-party-beneficiary right to enforce the obligations of Content Participant under Section 5 upon each Licensee that designs, manufactures or sells Licensed Products for so long as such Licensee is (i) not wilfully in material breach of the terms and conditions of its Adopter Agreement and (ii) not otherwise in material breach of any term or condition of its Adopter Agreement, which breach has not been cured, or is not capable of cure, within thirty (30) days of such Licensee’s receipt of notice thereof by Sony or any Fellow Content Participant (each, a “Licensee Beneficiary”). The remedies hereunder for any such Licensee Beneficiary that initiates or institutes a claim or action to enforce the terms of Section 5 (a “Licensee Beneficiary Claim”) shall, be limited to seeking injunctive relief, except where

Content Participant has wilfully breached, or engaged in a pattern or practice of breaching, its obligations under Section 5, as to which breach(es) reasonable attorneys' fees and costs shall be awarded to each Licensee Beneficiary in connection with each Licensee Beneficiary Claim in which such Licensee Beneficiary is a prevailing party. The procedures set forth in Exhibit A hereto shall govern all Licensee Beneficiary Claims.

## **12. MISCELLANEOUS.**

12.1 Sony Acknowledgment. Sony represents and covenants to Content Participant that all products that it makes, or that its Subsidiaries make, that implement one or more of the SVR CP Specifications ("Sony Products") shall comply with such SVR CP Specifications and, if relevant, the Compliance Rules and Robustness Rules, then in effect under the applicable Adopter Agreement offered by Sony, provided that in the case of a product that implements the SVR CP Specifications solely in software (a "Sony Software Product"), Sony need not comply with such portions of the applicable SVR CP Specifications that are not applicable to software implementations. For the purposes of this Agreement, Sony Products shall be deemed included in the definition of "Licensed Products". Sony and Content Participant agree that Content Participant's sole remedy in the event of a breach of this Section 12.1 shall be, for so long as Content Participant is an Eligible Content Participant, the right to seek injunctive relief against the manufacture, distribution, commercial use and sale of Sony's or its Subsidiaries' products in violation of this Section 12.1, except that if Sony or its Subsidiaries has wilfully breached, or engaged in a pattern or practice of breaching this Section 12.1, attorneys' fees and costs may be awarded to Content Participant if it is the prevailing party. Any claim or action brought by Content Participant against Sony under this Section 12.1 shall be brought in accordance with the procedures set forth in Exhibit G. Sony agrees that for so long as Content Participant is an Eligible Content Participant it shall have the right to seek Revocation of Device Node Keys for Hi-MD Video issued to Sony or its Subsidiaries as if it were a Licensee, and the terms of Section 6.2 shall apply with respect to such request as if Sony were a Licensee; provided that that the "Affected Licensees" shall be Sony and/or any designee(s) that Sony may delegate and the "Arbitrating Parties" shall be the Arbitrating Content Participants and the Affected Licensees. With respect to Sony Software Products, the Revocation Criteria shall be the criteria listed in Section 6.2(b)(ii).

12.2 Ownership. As between Sony, on the one hand, and Content Participant, on the other hand, all Confidential Information and media containing Confidential Information as provided by Sony to Content Participant hereunder shall remain the property of Sony. Except as expressly provided herein, this Agreement does not give Content Participant any license or other right to Confidential Information.

12.3 Entire Agreement. This Agreement, including the other exhibits hereto, constitute the entire agreement between the Parties with respect to the subject matter hereof and supersede all oral, written or other agreements, either entered prior to or contemporaneously with this Agreement. This Agreement may not be modified except by written agreement of all Parties.

12.4 Assignment. The rights and licenses granted hereunder are personal to the Parties and no Party may assign nor transfer this Agreement, or any of its rights or obligations hereunder, except (a) with the written approval of the other Party (which shall not be unreasonably withheld or delayed), or (b) to the purchaser of all or substantially all of the outstanding capital stock or assets and obligations of that Party or to the surviving entity in a merger, reorganization, or other business

combination involving that Party where the surviving or acquiring company agrees in writing to be bound by this Agreement, provided that that Party shall use its good faith efforts to provide notice to the other Party of such assignment no later than thirty (30) days after such merger, reorganization or business combination or (c) as otherwise expressly provided in this Section 12.4. Subject to the limitations set forth in this Agreement, this Agreement will inure to the benefit of, and be binding upon, the Parties, their successors and permitted assigns. Sony may assign or transfer this Agreement to any person or entity that agrees to assume Sony's obligations hereunder, and Sony shall provide Content Participant with notice thereof no later than thirty (30) days after such assignment or transfer.

12.5 Governing Law; Jurisdiction. THIS AGREEMENT, AND ALL LICENSEE BENEFICIARY CLAIMS, SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK APPLICABLE TO AGREEMENTS MADE AND TO BE PERFORMED ENTIRELY IN SUCH STATE, AND WITH THE LAWS OF THE UNITED STATES OF AMERICA.

12.5.1 IN CONNECTION WITH ANY LITIGATION BETWEEN THE PARTIES ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY LICENSEE BENEFICIARY CLAIM, EACH PARTY HERETO IRREVOCABLY CONSENTS TO THE EXCLUSIVE JURISDICTION AND VENUE IN THE FEDERAL AND STATE COURTS LOCATED IN THE COUNTY OF NEW YORK IN THE STATE OF NEW YORK.

12.5.2 EACH PARTY WAIVES ANY OBJECTION TO THE JURISDICTION, PROCESS, AND VENUE OF ANY SUCH COURT, AND TO THE EFFECTIVENESS, EXECUTION, AND ENFORCEMENT OF ANY ORDER OR JUDGMENT (INCLUDING BUT NOT LIMITED TO A DEFAULT JUDGMENT) OF SUCH COURT PERTAINING TO THIS AGREEMENT OR ANY THIRD PARTY BENEFICIARY CLAIM, TO THE MAXIMUM EXTENT PERMITTED BY THE LAW OF THE PLACE WHERE ENFORCEMENT OR EXECUTION OF ANY SUCH ORDER OR JUDGMENT MAY BE SOUGHT AND BY THE LAW OF ANY PLACE WHOSE LAW MIGHT BE CLAIMED TO BE APPLICABLE REGARDING THE EFFECTIVENESS, ENFORCEMENT, OR EXECUTION OF SUCH ORDER OR JUDGMENT, INCLUDING PLACES OUTSIDE OF THE STATE OF NEW YORK AND THE UNITED STATES.

12.6 Export. Content Participant and Sony shall comply with all applicable rules and regulations of the United States, European Union, Japan and other countries and jurisdictions relating to the export or re-export of commodities, software and technical data insofar as they relate to the activities under this Agreement. Each Party agrees that such commodities, software and technical data provided under this Agreement, if any, are subject to restrictions under the export control laws and regulations of the United States, European Union, Japan and other countries and jurisdictions, as applicable, including but not limited to the U.S. Export Administration Act and the U.S. Export Administration Regulations, EU Trade Regulation, and the Japanese Foreign Exchange and Foreign Trade Law, as such may be amended from time to time, and shall obtain any approval required of such Party under such laws and regulations whenever it is necessary for such export or re-export.

12.7 Disclosure of Status of Content Participant. Sony shall have the right to disclose to third parties the fact that Content Participant has executed a Content Participant Agreement and is an Eligible Content Participant and shall, upon request, provide to Content Participant a list of Fellow Content Participants, including identification of Fellow Content Participants that are Eligible Content Participants pursuant to their respective Content Participant Agreements.

12.8 Notice. All notices to be provided pursuant to this Agreement shall be given in writing and shall be effective when either served by personal delivery or upon receipt via certified mail, return receipt requested, postage prepaid, overnight courier service or sent by facsimile transmission with hard copy confirmation sent by certified mail, in each case to the Party at the address set out on the signature pages hereof.

12.9 Severability; Waiver. Should any part of this Agreement judicially be declared to be invalid, unenforceable, or void, the Parties agree that the part or parts of this Agreement so held to be invalid, unenforceable, or void shall be reformed by the entity having jurisdiction thereof without further action by the Parties and only to the extent necessary to make such part or parts valid and enforceable. A waiver by any of the Parties of any of the covenants to be performed by the other Party or any breach thereof shall not be effective unless made in writing and signed by the waiving Party and shall not be construed to be a waiver of any succeeding breach thereof or of any covenant herein contained.

12.10 Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be an original, but all of which together shall constitute one instrument. The Parties acknowledge and agree that such counterparts may be executed by signatures sent by facsimile transmissions.

**IN WITNESS WHEREOF**, the Parties have executed this Agreement as of the date first above written.

**Sony:**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

**Content Participant:**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

Addresses for notices

**Sony:**

**Content Participant:**

**EXHIBIT A**  
**PROCEDURES FOR THIRD-PARTY BENEFICIARY CLAIMS**

1. Prior to initiating or instituting any Content Participant Beneficiary Claim or Licensee Beneficiary Claim (each, a “Beneficiary Claim”) against a Licensee or against a Fellow Content Participant, as the case may be (each, a “Defendant”), a Content Participant Beneficiary or Licensee Beneficiary (each, a “Third-Party Beneficiary”) shall provide Sony notice and consultation reasonable under the circumstances regarding a proposed Beneficiary Claim; provided that such consultation with Sony shall not limit such Third-Party Beneficiary’s complete discretion in initiating or instituting such a Beneficiary Claim. Such Third-Party Beneficiary shall further provide Sony with notice of actual filing of a Beneficiary Claim and, upon Sony’s request, any copies of material documents filed in such Third-Party Beneficiary’s initiation, institution or pursuit of such Beneficiary Claim.
2. Following Sony’s receipt of notice of a Beneficiary Claim as required by the foregoing paragraph, Sony shall provide all Licensees (in the case of a Licensee Beneficiary Claim) and all Fellow Content Participants (in the case of a Content Participant Beneficiary Claim) with prompt notice of such receipt (a “Claim Notice”). Within thirty (30) days of the date of mailing of a Claim Notice, all Licensee Beneficiaries (in the case of a Licensee Beneficiary Claim), or all Content Participant Beneficiaries (in the case of an Content Participant Beneficiary Claim), shall elect whether to join such Beneficiary Claim, and the failure of any Licensee or Fellow Content Participant to provide written notice to Sony of such election and to move to join such Beneficiary Claim within such thirty (30)-day period shall be deemed a waiver of such Licensee’s or Fellow Content Participant’s third-party-beneficiary right under its respective Adopter Agreement or Content Participant Agreement, as the case may be, with respect to all Beneficiary Claims against Defendant arising out of the alleged breach by Defendant raised in such Beneficiary Claim asserted by the Third-Party Beneficiary. The Third-Party Beneficiary instituting or initiating a Beneficiary Claim shall support, and Defendant shall not object to, any motion to join by such Third-Party Beneficiaries electing to join such Beneficiary Claim within such thirty (30)-day period. Any judgment entered upon such Beneficiary Claim shall be binding on all Licensees and Fellow Content Participants that failed to join such Beneficiary Claim as if they had joined such Beneficiary Claim. Neither any Licensee’s or Fellow Content Participant’s failure to notify or consult with Sony or to provide copies, nor Sony’s failure to give notice to any Licensee or Fellow Content Participant pursuant to these third-party beneficiary procedures, under paragraphs 1 or 2 shall be a defense against any Beneficiary Claim or grounds for a request to delay the granting of any preliminary relief requested.
3. Third-Party Beneficiaries shall have no right to, and Content Participant agrees that it will not, enter into any settlement that: (i) amends any material term of any Adopter Agreement or Content Participant Agreement; (ii) has an adverse effect on the integrity or security of MG-R(SVR) for Hi-MD, or the operation of MG-R(SVR) for Hi-MD with respect to protecting Commercial Audiovisual Content from any unauthorized output, transmission, interception or copying, or the rights of Content Participants with respect to MG-R(SVR) for Hi-MD; or (iii) affects any of Sony’s rights in and to MG-R(SVR) for Hi-MD or any intellectual property right embodied therein, unless Sony shall have provided prior written consent thereto.

**EXHIBIT B**  
**ADMINISTRATION FEE**

Annual Fees: US\$12,000

**EXHIBIT C-1**  
**HI-MD –**  
**SECURE VIDEO RECORDING FORMAT -**  
**CONTENT PROTECTION LICENSE AGREEMENT**

C-1

**EXHIBIT C-2**  
**VIDEO ADDENDUM TO THE**  
**Hi-MD –**  
**SECURE VIDEO RECORDING FORMAT -**  
**CONTENT PROTECTION LICENSE AGREEMENT**

C-1

**EXHIBIT F**  
**CONFIDENTIALITY AGREEMENT**  
**ACKNOWLEDGMENT BY CONTENT PARTICIPANT**

To: Sony Corporation, 7-35, Kitashinagawa 6-chome, Shinagawa-ku, Tokyo 141-0001, Japan  
(hereinafter referred to as “Sony”)

**(Company Name of Content Participant)** (hereinafter referred to as “Content Participant”), a corporation having a place of business at **(Address)**, hereby acknowledges and agrees that:

1. Sony will disclose technical information designated by Sony as “Highly Confidential Information” under the Hi-MD System – Secure Video Recording Content Participant Agreement between Content Participant and Sony made on **(Month) (Date), (Year)** (hereinafter referred to as the “Content Participant Agreement”) for the purposes set forth therein;
2. In addition to the obligations set forth in the Content Participant Agreement, Content Participant and its Subsidiaries shall not disclose Highly Confidential Information to any third party or to its officers and employees other than ten (10) full-time officers and employees of Content Participant or its Subsidiaries respectively, (i) who have an absolute need to know such Highly Confidential Information for the purpose of the exercise of the rights granted in the Content Participant Agreement and (ii) who read and execute Attachment A hereto and provide Sony with one hard copy of such Attachment A executed by such officers and employees before the first access to Highly Confidential Information (such officers and employees shall be hereinafter referred to as “Authorized Employee”). Content Participant and its Subsidiaries shall at all times cause Authorized Employees to strictly abide by obligations set forth in the Content Participant Agreement and this Agreement and shall use the best efforts to cause the Authorized Employees to comply with such obligations after the resignation of such Authorized Employees from Content Participant or its Subsidiaries. Content Participant and its Subsidiaries may substitute another officer or employee of them for an Authorized Employee with Sony’s prior written consent only in the event of death, permanent or long-term disability or resignation of such Authorized Employee.
3. Content Participant agrees that Content Participant and its Subsidiaries, which need to receive Highly Confidential Information from Sony to exercise the rights granted under the Content Participant Agreement, shall, prior to their receipt of Highly Confidential Information, (i) designate their single Authorized Employee who shall conduct an interface with Sony relating to Highly Confidential Information (hereinafter referred to as “Content Participant Contact”), (ii) cause such Content Participant Contact to read and execute the acknowledgment attached hereto as Attachment B, (iii) identify such Content Participant Contact in writing to Sony and (iv) send such executed acknowledgment to Sony.

4. Content Participant shall, in no event, make copies of, whether in printed or electronic form, or distribute to any third party, in whole or in part, any Highly Confidential Information without the prior written consent of Sony.
5. Content Participant shall, in no event make copies of, whether in printed or electronic form, or distribute all or any part of the SVR CP Specifications without the prior written consent of Sony.
6. The confidentiality obligations set forth in this Agreement shall become effective as of the Effective Date and continue until ten (10) years after the last date of manufacture by any entity of any product implementing MG-R(SVR).

By signing below, Content Participant attests that Content Participant has read and understood this acknowledgment.

Signed: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Signature Date: \_\_\_\_\_

cc: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**ATTACHMENT A**

**CONFIDENTIALITY AGREEMENT**  
**ACKNOWLEDGMENT BY AUTHORIZED EMPLOYEES**

To: **(Company Name of Content Participant or Content Participant's Subsidiary)**

I, **(Person's Name)**, a full-time employee of **(Company Name of Content Participant or Content Participant's Subsidiary)** (hereinafter referred to as "Content Participant"), acknowledge that I have been designated by Content Participant as an "Authorized Employee" (defined in the Confidentiality Agreement between Sony Corporation and **(Company Name of Content Participant)** made on **(Month) (Date), (Year)** (hereinafter referred to as the "Agreement") pursuant to the Hi-MD System – Secure Video Recording Content Participant Agreement between Sony Corporation and **(Company Name of Content Participant)** made on **(Month) (Date), (Year)** (hereinafter referred to as the "Content Participant Agreement").

I acknowledge that I shall keep in confidence the Highly Confidential Information (as defined in the Content Participant Agreement) of Sony Corporation designated as such by Sony Corporation to Content Participant in accordance with the instructions given from time to time by Content Participant during the period commencing on the signature date hereof and ending ten (10) years after the last date of manufacture by any entity of any product implementing MG-R(SVR) (as defined in the Content Participant Agreement).

I further acknowledge that in the event I fail to abide by the terms as described above, Sony Corporation shall, in its sole discretion, be entitled to bring an action at law or in equity against **(Company Name of Content Participant or Content Participant's Subsidiary)** to claim damages.

By signing below, I attest that I have read and understood this acknowledgment and the Agreement.

Signed: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

cc: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

**ATTACHMENT B**

**CONFIDENTIALITY AGREEMENT**  
**ACKNOWLEDGMENT BY CONTENT PARTICIPANT CONTACT**

To: **(Company Name of Content Participant or Content Participant's Subsidiary)**

I, **(Name of the person)**, a full-time officer or employee of **(Company Name of Content Participant or Content Participant's Subsidiary)** (hereinafter referred to as "Content Participant"), acknowledge that I have been designated by Licensee as a "Content Participant Contact" (defined in the Confidentiality Agreement made as of **(Month) (Date), (Year)** between Sony Corporation (hereinafter referred to as "Sony" and Content Participant (hereinafter referred to as the "Agreement") pursuant to the Hi-MD System – Secure Video Recording Content Participant Agreement between Sony Corporation and **(Company Name of Content Participant)** made on **(Month) (Date), (Year)** (hereinafter referred to as the "Content Participant Agreement")), to receive "Highly Confidential Information" (as defined in the Content Participant Agreement) on behalf of Content Participant. I have also been designated by Content Participant as an "Authorized Employee" (as defined in the Agreement) and have executed the "ACKNOWLEDGMENT BY AUTHORIZED EMPLOYEES" attached to the Agreement. In addition to the confidentiality obligations relating to Highly Confidential Information under the "ACKNOWLEDGMENT BY AUTHORIZED EMPLOYEES", as Content Participant Contact, I further undertake as follows:

1. I shall receive Highly Confidential Information in the manner designated by Sony, and shall distribute such Highly Confidential Information only to necessary Authorized Employees of Licensee in accordance with the Agreement.
2. Upon receipt from Sony of any revision to Highly Confidential Information, I shall distribute such revised Highly Confidential Information only to necessary Authorized Employees in accordance with the Agreement.
3. I will not, in any event, make copies of, whether in printed or electronic form, or distribute to any third party, in whole or in part, any Highly Confidential Information without the prior written consent of Sony.
4. The obligations set forth above shall be in full force until I am discharged from my role as Content Participant Contact by Content Participant, provided that such discharge from my role as Content Participant Contact shall not affect my confidentiality obligations under the Agreement and the "ACKNOWLEDGMENT BY AUTHORIZED EMPLOYEES".
5. I further acknowledge that in the event I fail to abide by the terms as described above, Sony shall, in its sole discretion, be entitled to bring an action at law or in equity against Content Participant to claim damages.

By signing below, I attest that I have read and understood this acknowledgment and the Agreement.

Signed: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

cc: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

**EXHIBIT G**  
**PROCEDURES FOR CLAIMS UNDER SECTION 12.1**

Prior to initiating or instituting any claim against Sony alleging a breach of Section 12.1 (a “Section 12.1 Claim”) Content Participant shall provide all Fellow Content Participants with prompt notice of its intention to initiate or institute such claim (a “Claim Notice”). Within thirty (30) days of the date of mailing of a Claim Notice, all Fellow Content Participants shall elect whether to join such Section 12.1 Claim, and the failure of any Fellow Content Participant to provide written notice to Content Participant of such election and to move to join such Section 12.1 Claim within such thirty (30)-day period shall be deemed a waiver of such Content Participant’s right under its respective Content Participant Agreement with respect to all Section 12.1 Claims against Sony arising out of the alleged breach by Sony asserted by Content Participant. Content Participant shall support, and Sony shall not object to, any motion to join by such Fellow Content Participants electing to join such Section 12.1 Claim within such thirty (30)-day period. Any judgment entered upon such Section 12.1 Claim shall be binding on all Fellow Content Participants that failed to join such Section 12.1 Claim as if they had joined such Section 12.1 Claim.

**Hi-MD Recordable Media – Secure Video Recording Format –**  
**Content Protection License**

**AGREEMENT**

**This Agreement** made as of this \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_ by and between Sony Corporation, a corporation organized and existing under and by virtue of the laws of Japan, having its principal office at 7-35, Kitashinagawa 6-chome, Shinagawa-ku, Tokyo 141-0001 Japan (hereinafter referred to as “Sony”) and \_\_\_\_\_, a corporation organized and existing under and by virtue of the laws of \_\_\_\_\_, having its principal office at \_\_\_\_\_ (hereinafter referred to as “Licensee”),

**W I T N E S S E T H :**

**WHEREAS**, Sony has developed a certain data recording, storage and reproduction system named “Hi-MD” (hereinafter referred to as “Hi-MD System”);

**WHEREAS**, Sony has developed a certain method for encryption, decryption, key exchange, authentication and renewability for purposes of protecting certain digital content from unauthorized interception, retransmission and copying under the name of “MG-R(SVR)” (“MG-R(SVR)”);

**WHEREAS**, Licensee desires to obtain a license from Sony to implement such method in Licensed Products (defined below) used in the Hi-MD System under certain intellectual property rights owned by Sony.

**NOW, THEREFORE**, in consideration of the mutual covenants contained herein, the parties hereto agree as follows:

**ARTICLE I**  
**DEFINITIONS**

The following terms shall have the following meanings. All definitions herein shall apply equally to their singular and plural forms, and, except as otherwise expressly

stated, all references to Articles, Paragraphs and Exhibits shall be deemed to be to be references to articles and paragraphs of and exhibits to this Agreement.

“Affiliate” shall mean, with respect to any person or entity, any other person or entity that directly or indirectly Controls, is Controlled by or under common Control with such person or entity.

“Commercial Audiovisual Content” shall mean any video or audiovisual works that are (a) not created by a consumer; (b) offered for transmission, delivery or distribution, either generally or on demand, to subscribers or purchasers or the public at large, or otherwise for commercial purposes, not uniquely to an individual, or a small or private group; and (c) is received by an Authorized Protection Method or encoded with Content Control Information.

“Confidential Information” shall mean any and all confidential and proprietary information, documents and materials relating to MG-R(SVR) for Hi-MD or the SVR CP Specifications, that is disclosed by Sony to Licensee and is marked “Confidential” at the time of disclosure or, if orally or visually disclosed, is identified as confidential at the time of disclosure and confirmed in writing within thirty (30) days after the date of such disclosure. For avoidance of doubt, “Confidential Information” includes Highly Confidential Information.

“Content Control Information” shall mean the information that represents the content control status of particular content to a Licensed Product, including but not limited to Copy Control Information, APS Trigger Bits, EPN and ICT.

“Content Participant” shall mean a company that has executed a Content Participant Agreement with Sony.

“Content Participant Agreement” shall mean any “Hi-MD-Secure Video Recording Content Participant Agreement” relating to MG-R(SVR) for Hi-MD entered into between a copyright owner or distributor of Commercial Audiovisual Content with Sony.

“Control” means the possession of beneficial ownership of more than fifty percent (50%) of the stock or other similar interest entitled to vote for the election of the Board of Directors or similar managing authority.

“Fellow Licensee” shall mean Licensee and any entity that has entered into a Media Adopter Agreement with Sony.

“Format License Agreement” shall mean a “Hi-MD Recordable Media License Agreement (Type I)” or “Hi-MD Recordable Media License Agreement (Type II)” entered into by and between Sony and Licensee.

“Highly Confidential Information” shall mean Confidential Information that is marked “Highly Confidential Information” when disclosed in written form.

“Licensed Know-How and Copyrights” shall mean any trade secrets and copyrights embodied in SVR CP Specifications.

“Licensed Patents” shall mean claims of a patent or patent application under which Sony, any Licensee, any Fellow Licensee, or any of their respective Subsidiaries, has the right, during the term of this Agreement, without a payment of royalties to third parties, to grant licenses and which claims are necessarily infringed in order to (a) implement MG-R(SVR) for Hi-MD in Licensed Products or (b) use or cause to be used MG-R(SVR) for Hi-MD to protect Commercial Audiovisual Content. “Licensed Patents” do not include any claims relating to aspects of any technology (even if disclosed with particularity), standard or product that is an optional part of the SVR CP Specifications or is not itself part of the SVR CP Specifications such as, but not limited to, CSS, MPEG, IEEE1394 and any copy protection system (other than MG-R(SVR) for Hi-MD), including: (1) claims relating to other copy protection, compression, encoding or decoding technologies (even though such technology, standard or product may otherwise be mentioned in or required by the SVR CP Specifications) or tamper resistance technology; (2) claims that may be practiced in an implementation of any Licensed Product in compliance with the SVR CP Specifications where an alternative implementation of the SVR CP Specifications in a Licensed Product exists that would not infringe such claims (even if in the same patent as Licensed Patents); or (3) claims that read solely on any implementations of any portion of the SVR CP Specifications that are not within the bounds of the scope of use set forth in this Agreement or any Content Participant Agreement.

“Licensed Product” shall mean a product manufactured pursuant to the Format License Agreement that (i) embodies the designs set out in the SVR CP Specifications and (ii) is in compliance with the SVR CP Specifications.

“Media Adopter Agreement” shall mean this Agreement and any other “Hi-MD Recordable Media - Secure Video Recording Format - Content Protection License Agreement” entered into with Sony.

“MG-R(SVR) for Hi-MD” shall mean MG-R(SVR) customized for the Hi-MD System, as set forth in the SVR CP Specifications.

“Subsidiary” shall mean, with respect to any person or entity, any other person or entity (a) that directly or indirectly is Controlled by such person or entity and (b) for which such person or entity has the right to license any claims of any patents or patent applications owned or controlled by such other person or entity relating to MG-R(SVR) for Hi-MD.

“SVR CP Specifications” shall mean the specifications listed in Exhibit A, as may be revised by Sony from time to time pursuant to Paragraph 3.03.

## **ARTICLE II**

### **INTELLECTUAL PROPERTY**

#### 2.01

(a) Subject to the terms and conditions of this Agreement, Sony hereby promises, on behalf of itself and its Subsidiaries, not to assert any claim of infringement under any Licensed Patents, or under any Licensed Know-How or Copyrights, against Licensee or any of Licensee’s Subsidiaries with respect to Licensee’s or its Subsidiaries’ using MG-R(SVR) for Hi-MD to design, develop, manufacture, use, offer for sale, sell or otherwise dispose of, during the term of this Agreement, Licensed Products; provided, however, that such non-assertion covenant shall not extend to (i) any implementation of MG-R(SVR) for Hi-MD other than in a Licensed Product; (ii) Licensee or Licensee’s Subsidiaries if Licensee or any of Licensee’s Subsidiaries are otherwise in violation of this Agreement or (iii) if Licensee asserts or if any of its Subsidiaries asserts any claim of infringement under any Licensed Patents, or under any Licensed Know-How or Copyrights, against Sony or any of its Subsidiaries.

(b) The promises of non-assertion granted to Licensee and Licensee’s Subsidiaries under Paragraph 2.01(a) shall in no event be construed to include a promise of non-assertion with respect to the design, development, manufacture, offer for sale, sale or other disposal in whole or in part of any portion of a Licensed Product other than those portions that implement MG-R(SVR) for Hi-MD pursuant to the SVR CP Specifications.

2.02 Licensee, on behalf of itself and its Subsidiaries, hereby agrees not to assert against Sony, any Fellow Licensee or any of their respective Subsidiaries any claim of infringement under its or their Licensed Patents or under any Licensed Know-How or Copyrights with respect to (i) in the case of Sony, Fellow Licensees and their respective

Subsidiaries, the use of MG-R(SVR) for Hi-MD to design, develop, manufacture, use, offer for sale, sell or otherwise dispose of Licensed Products and (ii) with respect to Sony, the licensing of MG-R(SVR) for Hi-MD; provided, however, the provisions of this Paragraph 2.02 shall not extend to any entity that asserts or whose Subsidiary asserts against Licensee or any of its Subsidiaries any claim of infringement under its or their Licensed Patents, or under any Licensed Know-How or Copyrights, with respect to activities or products within the scope of Paragraph 2.01.

2.03 Licensee, on behalf of itself and its Subsidiaries, hereby promises not to assert against any Content Participant or any of its Subsidiaries any claim of infringement under its or their Licensed Patents, or under any Licensed Know-How or Copyrights, with respect to the use or causation of use of MG-R(SVR) for Hi-MD to protect Commercial Audiovisual Content in compliance with the applicable Content Participant Agreement. The provisions of this Paragraph 2.03 shall not extend to any entity that asserts or whose Subsidiary asserts any claim of infringement under any Licensed Patents, or under any Licensed Know-How or Copyrights, against Licensee or any of Licensee's Subsidiaries with respect to activities or products within the scope of Paragraph 2.01.

2.04 For avoidance of doubt, the non-assertion covenants granted pursuant to Paragraph 2.01 to any entity that is a Subsidiary of Licensee shall apply only for so long as such entity falls within the definition of "Subsidiary" with respect to Licensee.

2.05 For avoidance of doubt, Licensee and Licensee's Subsidiaries shall not sell, offer for sale, distribute or otherwise dispose of any products under this Agreement unless such products are Licensed Products that comply with SVR CP Specifications.

### **ARTICLE III** **SPECIFICATION; CHANGES**

3.01 Sony shall deliver to Licensee the SVR CP Specifications within thirty (30) days after the date of the execution of this Agreement or the Format License Agreement, whichever comes later. Licensee and its Subsidiaries shall, in no event, make copies of, whether in printed or electronic form, or distribute to any third party, in whole or in part, the SVR CP Specifications without the prior written consent of Sony.

3.02 The SVR CP Specifications may be amended from time to time by Sony only in accordance with this ARTICLE III.

3.03 Sony will not make any revisions to the SVR CP Specifications that would materially increase the cost or complexity of implementation of Licensed Products,

or that would require material modifications to product design or manufacturing process of Licensed Products (“Material Changes”), with the exception of changes that are necessary to ensure and maintain necessary protection of content that is recorded or played back by using MG-R(SVR) for Hi-MD. Without limiting the foregoing, Sony reserves the right to correct any errors or omissions in the SVR CP Specifications, or to make changes that would clarify, but not materially amend, alter or expand the SVR CP Specifications from time to time.

3.04 Licensee shall comply with amendments to the SVR CP Specifications within eighteen (18) months after notification of such amendments has been sent to Licensee as specified herein or such longer period as Sony may specify.

#### **ARTICLE IV** **FEES**

Within thirty (30) days of the Effective Date, Licensee shall pay Sony a nonrefundable sum in the amount of the fee set out in Exhibit D in consideration of rights conferred upon Licensee and its Subsidiaries, and the undertakings assumed by Sony as set out herein by telegraphic transfer remittance into the bank account designated by Sony. Licensee shall not be entitled to any refund thereof for any reason.

#### **ARTICLE V** **DISCLAIMER**

EXCEPT AS EXPRESSLY PROVIDED HEREIN, THE SVR CP SPECIFICATIONS AND ALL OTHER INFORMATION AND MATERIALS PROVIDED HEREUNDER ARE PROVIDED “AS IS”. SONY MAKES NO REPRESENTATION OR WARRANTY AS TO THE VALUE OR UTILITY OF THE LICENSED PATENTS, THE LICENSED KNOW-HOW AND COPYRIGHTS, OR OTHER INFORMATION TO BE SUPPLIED PURSUANT TO THIS AGREEMENT, SUCH AS BUT NOT LIMITED TO THE SVR CP SPECIFICATIONS AND OTHER TECHNICAL INFORMATION, IF ANY, OR THE ABILITY OF LICENSEE TO MAKE USE THEREOF TO SECURE INTERCHANGEABILITY OR INTEROPERABILITY WITH OTHER LICENSED PRODUCTS. SONY MAKES NO REPRESENTATION OR WARRANTY WHATSOEVER THAT THE USE OF THE LICENSED PATENTS, THE LICENSED KNOW-HOW AND COPYRIGHTS OR OTHER INFORMATION, INCLUDING BUT NOT LIMITED TO SVR CP SPECIFICATIONS SUPPLIED TO LICENSEE PURSUANT

TO THIS AGREEMENT DOES NOT INFRINGE OR WILL NOT CAUSE INFRINGEMENT OF ANY INTELLECTUAL PROPERTY RIGHT OWNED OR CONTROLLED BY ANY THIRD PARTY. LICENSEE UNDERSTANDS AND AGREES THAT SONY MAKES NO WARRANTY WHATSOEVER THAT ANY MANUFACTURING, HAVING MANUFACTURED OR SELLING OF LICENSED PRODUCTS WILL BE FREE FROM INFRINGEMENT OF ANY THIRD PARTY'S INTELLECTUAL PROPERTY RIGHTS. SONY MAKES NO REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, STATUTORY OR OTHERWISE, AND EXPRESSLY DISCLAIMS IMPLIED WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE AND NON-INFRINGEMENT, AND ANY EQUIVALENTS UNDER THE LAWS OF ANY JURISDICTION THAT MIGHT ARISE FROM ANY ACTIVITIES OR INFORMATION DISCLOSURES RELATING TO THIS AGREEMENT. WITHOUT LIMITING THE FOREGOING, SONY DOES NOT REPRESENT OR WARRANT THAT MG-R(SVR) FOR HI-MD IS IMMUNE TO HACKING, CODE BREAKING, PIRACY OR OTHER EFFORTS TO CIRCUMVENT THE TECHNOLOGY.

## **ARTICLE VI** **CONFIDENTIALITY**

6.01 Licensee agrees that Licensee and Licensee's Subsidiaries shall not disclose to any third party Confidential Information and shall not use the Confidential Information for any purpose other than as provided in this Agreement. The obligation set out herein shall not apply to any portion of Confidential Information which Licensee can prove:

- (a) was already known to Licensee at the time of disclosure to Licensee;
- (b) was already a part of the public domain at the time of disclosure to Licensee;
- (c) is or becomes a part of the public domain through no fault of Licensee;
- (d) is rightfully obtained by Licensee without restriction on disclosure or use; or
- (e) was or is independently developed by officers or employees of Licensee who have not had access to Confidential Information.

In order to protect Confidential Information in confidence, Licensee agrees that Licensee and Licensee's Subsidiaries shall take all necessary measures and precautions, including, but not limited to, measures requiring their present and future employees to give suitable undertakings of secrecy both for the period of their employment and thereafter, and that such Confidential Information shall be treated in the same manner and with the same degree of

care as Licensee applies and has applied to its own information of a sensitive or confidential nature. Licensee also agrees that Licensee and Licensee's Subsidiaries shall not use Confidential Information or any mentally-retained recollections thereof for any purpose other than the purpose of exercise of the rights granted in this Agreement. Under no circumstances shall Licensee or Licensee's Subsidiaries reverse engineer, reverse translate, decompile, disassemble, or otherwise seek to determine the operation of Confidential Information or allow another to do so.

6.02 In addition to the obligations set forth in Paragraph 6.01, Licensee and Licensee's Subsidiaries shall not disclose Highly Confidential Information to any third party or to its officers and employees other than ten (10) full-time officers and employees of Licensee or Licensee's Subsidiaries respectively, (i) who have an absolute need to know such Highly Confidential Information for the purpose of the exercise of the rights granted in this Agreement and (ii) who read and execute Exhibit C-1 hereto and provide Sony with one hard copy of such Exhibit C-1 executed by such officers and employees before the first access to Highly Confidential Information (such officers and employees shall be hereinafter referred to as "Authorized Employee"). Licensee and Licensee's Subsidiaries shall at all times cause Authorized Employees to strictly abide by the obligations set forth in this ARTICLE VI hereof and shall use the best efforts to cause the Authorized Employees to comply with such obligations after the resignation of such Authorized Employees from Licensee or Licensee's Subsidiaries. Licensee and Licensee's Subsidiaries may substitute another officer or employee of them for an Authorized Employee with Sony's prior written consent only in the event of death, permanent or long-term disability or resignation of such Authorized Employee. Licensee and its Subsidiaries shall maintain on their respective premises a secure location in which the Highly Confidential Information shall be stored;

6.03 Licensee agrees that Licensee and Licensee's Subsidiaries, which need to receive Highly Confidential Information from Sony to exercise the rights granted under this Agreement, shall, prior to their receipt of Highly Confidential Information, (i) designate their single Authorized Employee who shall conduct an interface with Sony relating to Highly Confidential Information (hereinafter referred to as "Licensee Contact"), (ii) cause such Licensee Contact to read and execute the acknowledgment attached hereto as Exhibit C-2, (iii) identify such Licensee Contact in writing to Sony and (iv) send such executed acknowledgment to Sony.

6.04 Licensee and its Subsidiaries shall, in no event, make copies of, whether in printed or electronic form, or distribute to any third party, in whole or in part, any Highly Confidential Information without the prior written consent of Sony.

6.05 The confidentiality obligations set forth in this Agreement shall become effective as of the Effective Date and continue until ten (10) years after the last date of manufacture by any entity of any product implementing MG-R(SVR).

## **ARTICLE VII**

### **PROCEDURES FOR THIRD-PARTY BENEFICIARY CLAIMS**

7.01 Compliance of Licensee and of Licensee's Subsidiaries with the terms of this Agreement is essential to maintain the value and integrity of MG-R(SVR) for Hi-MD. As part of the consideration of the rights granted herein, Licensee and Licensee's Subsidiaries agree that each Content Participant that (x) is not willfully in material breach of any term or condition of its Content Participant Agreement, (y) is not otherwise in material breach of any term or condition of its Content Participant Agreement, which breach has not been cured, or is not capable of cure, within thirty (30) calendar days of such Content Participant's receipt of notice thereof by Sony or any Fellow Licensee and (z) causes or permits distribution or transmission of its Commercial Audiovisual Content (a) in commercial quantities to the general public, (b) in a form capable of being recorded with Licensed Products ("Eligible Content Participant") shall be a third-party beneficiary (hereinafter referred to as the "Content Participant Beneficiary") to this Agreement and shall be entitled during such period that such Content Participant is an Eligible Content Participant, to bring a claim or action (hereinafter referred to as the "Content Participant Beneficiary Claim") to enforce rights against Licensee and Licensee's Subsidiaries in accordance with the procedures set out in Exhibit B attached hereto and made a part hereof, with respect to Licensee and/or Licensee's Subsidiaries' implementation of MG-R(SVR) for Hi-MD in any product that receives or transmits data in a format in which such Eligible Content Participant has made Eligible Content available. Such third-party beneficiary rights shall be limited to seeking injunctive relief against the manufacture, distribution, commercial use and sale of Licensee's and Licensee's Subsidiaries' products that are in material breach of the SVR CP Specifications, and against disclosure of Highly Confidential Information in breach of this Agreement that affects the integrity or security of MG-R(SVR) for Hi-MD, except where such Licensee or its Subsidiary has willfully breached or engaged in a pattern or practice of breaching, such obligations, as to which breach attorneys' fees and costs may be awarded.

7.02 For so long as Licensee and its Subsidiaries (x) are not willfully in material breach of any terms and conditions of this Agreement, and (y) are not otherwise in material breach of any terms or conditions of this Agreement, whose breach has not been cured or is not capable of cure within thirty (30) calendar days of Licensee and/or Licensee's Subsidiaries' receipt of notice thereof by Sony, Licensee shall be a third-party

beneficiary (hereinafter referred to as the “Licensee Beneficiary”) to each Content Participant Agreement and shall be entitled to bring a claim or action (hereinafter referred to as the “Licensee Beneficiary Claim”) to enforce rights against Content Participants, in accordance with the third-party beneficiary procedures set forth in Exhibit B attached hereto and made a part hereof, with respect to such Content Participants’ compliance with its obligation under its Content Participant Agreement regarding the encoding rules set forth therein. Licensee acknowledges that such third-party beneficiary rights shall be limited to seeking equitable relief, except where such Content Participant has willfully breached, or engaged in a pattern or practice of breaching, such obligations, as to which breach(es) reasonable attorneys’ fees and costs shall be awarded to Licensee if Licensee is the prevailing party.

## **ARTICLE VIII**

### **TERM AND TERMINATION**

8.01 This Agreement shall be effective from the date first written above and, unless otherwise terminated, shall continue in full force and effect until the Format License Agreement is terminated or expired.

8.02 Either party shall have the right to terminate this Agreement upon at least thirty (30) days prior written notice to the other party in the event that the other party breaches any provision of this Agreement, and does not cure such breach during said thirty (30) day period, or immediately if the Licensee is adjudicated a bankrupt; makes an assignment for the benefit of creditors; takes advantage of any insolvency act; or is the subject of a case for its liquidation or reorganization under any law. Notwithstanding the foregoing, in the event the Licensee breaches any provision of ARTICLE VI, Sony may terminate this Agreement immediately upon notice to Licensee. Any notice of termination hereunder shall specify the date on which this Agreement shall end.

8.03 Within thirty (30) days after termination or expiration of this Agreement, Licensee shall as directed by Sony (i) return all Confidential Information in its or its Subsidiaries’ possession to Sony, retaining no copies thereof, or (ii) destroy all Confidential Information in its or any of its Subsidiaries’ possession, retaining no copies thereof, and certify such destruction in writing to Sony.

8.04 The terms of Paragraphs 2.01 (with respect to any claims of infringement arising prior to termination), 2.02 and 2.03 (both with respect to the Licensed Patents and Licensed Know-How and Copyrights embodied in the versions of the SVR CP Specifications issued prior to the date of termination), 2.04 and 2.05, ARTICLE V,

ARTICLE VI and ARTICLE VII, ARTICLE IX and this ARTICLE VIII shall survive any termination or expiration of this Agreement.

**ARTICLE IX**  
**MISCELLANEOUS**

9.01 Licensee shall not assign or transfer any of its rights or obligations hereunder without the prior written consent of Sony.

9.02 Should any provision of this Agreement be finally determined void or unenforceable in any judicial proceeding, such determination shall not affect the operation of the remaining provisions hereof, provided that, in such event, Sony shall have the right to terminate this Agreement by written notice to Licensee.

9.03 Nothing contained in this Agreement shall be construed:

(a) as imposing on Sony or any of its Subsidiaries any obligation to institute any suit or action for infringement of any of the Licensed Patents or to defend any suit or action brought by a third party which challenges or concerns the validity of any of such Licensed Patents, it being expressly understood that Licensee shall have no right to institute any such suit or action for infringement or challenging the validity of any such Licensed Patents;

(b) as imposing any obligation to file any patent application or to secure any patent or to maintain any patent in force;

(c) as conferring any license or right to copy or to simulate the appearance and/or design of any product of Sony or Sony's Subsidiaries, except as expressly provided herein;

(d) as conferring any license to Licensee under any intellectual property rights of Sony or Sony's Subsidiaries, other than as expressly provided in this Agreement; or

(e) Without limiting the terms of ARTICLE V, as a warranty, assurance or representation by Sony to Licensee as to quality level, no-defect, compatibility or completeness of any Licensed Product implementing MG-R(SVR) for Hi-MD.

9.04 If at any time a party hereto elects not to assert its rights under any provision of this Agreement, such action or lack of action in that respect shall not be

construed as a waiver of its rights under said provision or of any other provision of this Agreement.

9.05 Licensee shall comply with all applicable export control laws, copyright protection laws or all other relevant laws and regulations of Japan and other countries related to activities under this Agreement. Licensee shall obtain any approval or authorization from Japan or other governments as required under such laws and regulations at its own cost and responsibility.

9.06 All notice and other communications required or permitted to be given under this Agreement must be in writing and will be effective when delivered personally, sent by facsimile or e-mail later confirmed by registered mail, or sent by registered mail, postage prepaid and addressed to the parties at their respective address set forth below, or at any new address or addresses subsequently designated in writing by either party to the other.

Sony: Sony Corporation

Attention: \_\_\_\_\_

\_\_\_\_\_

Address: 7-35, Kitashinagawa 6-chome, Shinagawa-ku, Tokyo 141-0001 Japan

Licensee: \_\_\_\_\_

Attention: \_\_\_\_\_

Address: \_\_\_\_\_

9.07 Governing Law; Jurisdiction.

(a) THIS AGREEMENT, AND ALL BENEFICIARY CLAIMS, SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK APPLICABLE TO AGREEMENTS MADE AND TO BE PERFORMED ENTIRELY IN SUCH STATE, AND WITH THE LAWS OF THE UNITED STATES OF AMERICA.

(b) IN CONNECTION WITH ANY LITIGATION BETWEEN THE PARTIES HERETO ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY BENEFICIARY CLAIM, EACH PARTY HERETO IRREVOCABLY CONSENTS TO THE EXCLUSIVE JURISDICTION AND VENUE IN THE FEDERAL AND STATE

COURTS LOCATED IN THE COUNTY OF NEW YORK IN THE STATE OF NEW YORK.

(c) EACH PARTY WAIVES ANY OBJECTION TO THE JURISDICTION, PROCESS, AND VENUE OF ANY SUCH COURT, AND TO THE EFFECTIVENESS, EXECUTION, AND ENFORCEMENT OF ANY ORDER OR JUDGMENT (INCLUDING BUT NOT LIMITED TO A DEFAULT JUDGMENT) OF SUCH COURT PERTAINING TO THIS AGREEMENT OR ANY BENEFICIARY CLAIM, TO THE MAXIMUM EXTENT PERMITTED BY THE LAW OF THE PLACE WHERE ENFORCEMENT OR EXECUTION OF ANY SUCH ORDER OR JUDGMENT MAY BE SOUGHT AND BY THE LAW OF ANY PLACE WHOSE LAW MIGHT BE CLAIMED TO BE APPLICABLE REGARDING THE EFFECTIVENESS, ENFORCEMENT, OR EXECUTION OF SUCH ORDER OR JUDGMENT, INCLUDING PLACES OUTSIDE OF THE STATE OF NEW YORK AND THE UNITED STATES.

9.08 In the event that any terms of this Agreement conflict with any terms of the Format License Agreement, this Agreement shall control.

9.09 This Agreement, including the exhibits hereto and all documents incorporated herein by reference, constitute the entire agreement between the parties hereto with respect to the subject matter hereof and supersede all oral, written or other agreements, either entered prior to or contemporaneously with this Agreement. This Agreement may not be modified except by written agreement of the parties hereto.

9.10 In construing the terms of this Agreement, no presumption shall operate in either party's favor as a result of its counsel's role in drafting the terms hereof.

9.11 This Agreement may be executed in any number of counterparts, each of which shall be an original, but all of which together shall constitute one instrument. The parties hereto acknowledge and agree that such counterparts may be executed by signatures sent by facsimile transmissions.

**IN WITNESS WHEREOF**, the parties hereof have caused this Agreement to be signed on the date first above written.

**Sony:**  
Sony Corporation

**Licensee:**  
\_\_\_\_\_

By: \_\_\_\_\_

By: \_\_\_\_\_  
**(Name)**  
**(Title)**

**EXHIBIT A**  
**SVR CP SPECIFICATIONS**

**Section 8.4.4 (Pre-defined application UID) of the specification entitled “Hi-MD System Basic System Description – Hi-MD 1GB”**

**EXHIBIT B**  
**PROCEDURES FOR THIRD-PARTY BENEFICIARY CLAIMS**

1. Prior to initiating or instituting any Content Participant Beneficiary Claim or Licensee Beneficiary Claim (each, a “Beneficiary Claim”) against a Fellow Licensee or against a Content Participant, as the case may be (each, a “Defendant”), a Content Participant Beneficiary or Licensee Beneficiary (each, a “Third-Party Beneficiary”) shall provide Sony notice and consultation reasonable under the circumstances regarding a proposed Beneficiary Claim; provided that such consultation with Sony shall not limit such Third-Party Beneficiary’s complete discretion in initiating or instituting such a Beneficiary Claim. Such Third-Party Beneficiary shall further provide Sony with notice of actual filing of a Beneficiary Claim and, upon Sony’s request, any copies of material documents filed in such Third-Party Beneficiary’s initiation, institution or pursuit of such Beneficiary Claim.

2. Following Sony’s receipt of notice of a Beneficiary Claim as required by the foregoing paragraph, Sony shall provide all Fellow Licensees (in the case of a Licensee Beneficiary Claim) and all Content Participants (in the case of a Content Participant Beneficiary Claim) with prompt notice of such receipt (a “Claim Notice”). Within thirty (30) calendar days of the date of mailing of a Claim Notice, all Licensee Beneficiaries (in the case of a Licensee Beneficiary Claim), or all Content Participant Beneficiaries (in the case of an Content Participant Beneficiary Claim), shall elect whether to join such Beneficiary Claim, and the failure of any Fellow Licensee or Content Participant to provide written notice to Sony of such election and to move to join such Beneficiary Claim within such thirty (30)-day period shall be deemed a waiver of such Fellow Licensee’s or Content Participant’s third-party-beneficiary right under its respective Adopter Agreement or Content Participant Agreement, as the case may be, with respect to all Beneficiary Claims against Defendant arising out of the alleged breach by Defendant raised in such Beneficiary Claim asserted by the Third-Party Beneficiary. The Third-Party Beneficiary instituting or initiating a Beneficiary Claim shall support, and Defendant shall not object to, any motion to join by such Third-Party Beneficiaries electing to join such Beneficiary Claim within such thirty (30)-day period. Any judgment entered upon such Beneficiary Claim shall be binding on all Fellow Licensees and Content Participants that failed to join such Beneficiary Claim as if they had joined such Beneficiary Claim. Neither any Fellow Licensee’s or Content Participant’s failure to notify or consult with Sony or to provide copies, nor Sony’s failure to give notice to any Fellow Licensee or Content Participant pursuant to these third-party beneficiary procedures, under paragraphs 1 or 2 shall be a

defense against any Beneficiary Claim or grounds for a request to delay the granting of any preliminary relief requested.

3. Third-Party Beneficiaries shall have no right to, and Content Participant agrees that it will not, enter into any settlement that: (i) amends any material term of any Adopter Agreement or Content Participant Agreement; (ii) has an adverse effect on the integrity or security of MG-R(SVR) for Hi-MD, or the operation of MG-R(SVR) for Hi-MD with respect to protecting Commercial Audiovisual Content from any unauthorized output, transmission, interception or copying, or the rights of Content Participants with respect to MG-R(SVR) for Hi-MD; or (iii) affects any of Sony's rights in and to MG-R(SVR) for Hi-MD or any intellectual property right embodied therein, unless Sony shall have provided prior written consent thereto.

**EXHIBIT C-1**  
**CONFIDENTIALITY AGREEMENT**  
**ACKNOWLEDGMENT BY AUTHORIZED EMPLOYEES**

To: **(Company Name of Licensee or Licensee's Subsidiary)**

I, **(Person's Name)**, a full-time employee of **(Company Name of Licensee or Licensee's Subsidiary)** (hereinafter referred to as "Licensee"), acknowledge that I have been designated by Licensee as an "Authorized Employee" (defined in the Hi-MD Recordable Media – Secure Video Recording Format - Content Protection License Agreement between Sony Corporation and **(Company Name of Licensee)** made on **(Month) (Date), (Year)** (hereinafter referred to as the "Agreement")).

I acknowledge that I shall keep in confidence the Highly Confidential Information (as defined in the Agreement) of Sony Corporation designated as such by Sony Corporation to Licensee in accordance with the instructions given from time to time by Licensee during the period commencing on the signature date hereof and ending ten (10) years after the last date of manufacture by any entity of any product implementing MG-R(SVR) (as defined in the Agreement).

I further acknowledge that in the event I fail to abide by the terms as described above, Sony Corporation shall, in its sole discretion, be entitled to bring an action at law or in equity against **(Company Name of Licensee or Licensee's Subsidiary)** to claim damages.

By signing below, I attest that I have read and understood this acknowledgment and the Agreement.

Signed : \_\_\_\_\_

Name : \_\_\_\_\_

Title : \_\_\_\_\_

Date : \_\_\_\_\_

cc: \_\_\_\_\_

Sony Corporation

**EXHIBIT C-2**  
**ACKNOWLEDGMENT BY LICENSEE CONTACT**

To: **(Company Name of Licensee or Licensee's Subsidiary)**

I, **(Name of the person)**, a full-time officer or employee of **(Company Name of Licensee or Licensee's Subsidiary)** (hereinafter referred to as "Licensee"), acknowledge that I have been designated by Licensee as a "Licensee Contact" (defined in the Hi-MD Recordable Media - Secure Video Recording Format - Content Protection License Agreement made as of **(Month) (Date), (Year)** between Sony Corporation (hereinafter referred to as "Sony" and Licensee (hereinafter referred to as the "Agreement"), to receive "Highly Confidential Information" (as defined in the Agreement) on behalf of Licensee. I have also been designated by Licensee as an "Authorized Employee" (as defined in the Agreement) and have executed the "ACKNOWLEDGMENT BY AUTHORIZED EMPLOYEES" attached to the Agreement. In addition to the confidentiality obligations relating to Highly Confidential Information under the "ACKNOWLEDGMENT BY AUTHORIZED EMPLOYEES", as Licensee Contact, I further undertake as follows:

1. I shall receive Highly Confidential Information in the manner designated by Sony, and shall distribute such Highly Confidential Information only to necessary Authorized Employees of Licensee in accordance with ARTICLE VI of the Agreement.
2. Upon receipt from Sony of any revision to Highly Confidential Information, I shall distribute such revised Highly Confidential Information only to necessary Authorized Employees in accordance with ARTICLE VI of the Agreement.
3. I will not, in any event, make copies of, whether in printed or electronic form, or distribute to any third party, in whole or in part, any Highly Confidential Information without the prior written consent of Sony.
4. The obligations set forth above shall be in full force until I am discharged from my role as Licensee Contact by Licensee provided that such discharge from my role as Licensee Contact shall not affect my confidentiality obligations under the Agreement and the "ACKNOWLEDGMENT BY AUTHORIZED EMPLOYEE".
5. I further acknowledge that in the event I fail to abide by the terms as described above, Sony shall, in its sole discretion, be entitled to bring an action at law or in equity against Licensee to claim damages.

By signing below, I attest that I have read and understood this acknowledgment and the Agreement.

Signed: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

cc: \_\_\_\_\_

Sony Corporation

**EXHIBIT D**

**FEE**

**Three hundred Thousand Japanese Yen (¥300,000.-)**

**Hi-MD Secure Video IC – Secure Video Recording Format –  
Content Protection License**

**AGREEMENT**

**This Agreement** made as of this \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_ by and between Sony Corporation, a corporation organized and existing under and by virtue of the laws of Japan, having its principal office at 7-35, Kitashinagawa 6-chome, Shinagawa-ku, Tokyo 141-0001 Japan (hereinafter referred to as “Sony”) and \_\_\_\_\_, a corporation organized and existing under and by virtue of the laws of \_\_\_\_\_, having its principal office at \_\_\_\_\_ (hereinafter referred to as “Licensee”).

**W I T N E S S E T H :**

**WHEREAS**, Sony has developed a certain data recording, storage and reproduction system named “Hi-MD” (hereinafter referred to as “Hi-MD System”);

**WHEREAS**, Sony has developed a certain method for encryption, decryption, key exchange, authentication and renewability for purposes of protecting certain digital content from unauthorized interception, retransmission and copying under the name of “MG-R(SVR)” (“MG-R(SVR)”);

**WHEREAS**, Licensee desires to obtain a license from Sony to implement such method in Licensed Products (defined below) used in the Hi-MD System under certain intellectual property rights owned by Sony.

**NOW, THEREFORE**, in consideration of the mutual covenants contained herein, the parties hereto agree as follows:

**ARTICLE I  
DEFINITIONS**

The following terms shall have the following meanings. All definitions herein shall apply equally to their singular and plural forms, and, except as otherwise expressly stated, all references to Articles, Paragraphs and Exhibits shall be deemed to be to be references to articles and paragraphs of and exhibits to this Agreement.

“Affiliate” shall mean, with respect to any person or entity, any other person or entity that directly or indirectly Controls, is Controlled by or under common Control with such person or entity.

“Commercial Audiovisual Content” shall mean any video or audiovisual works that are (a) not created by a consumer; (b) offered for transmission, delivery or distribution, either generally or on demand, to subscribers or purchasers or the public at large, or otherwise for commercial purposes, not uniquely to an individual, or a small or private group; and (c) is received by an Authorized Protection Method or encoded with Content Control Information.

“Confidential Information” shall mean any and all confidential and proprietary information, documents and materials relating to MG-R(SVR) for Hi-MD or the SVR CP Specifications, that is disclosed by Sony to Licensee and is marked “Confidential” at the time of disclosure or, if orally or visually disclosed, is identified as confidential at the time of disclosure and confirmed in writing within thirty (30) days after the date of such disclosure. For avoidance of doubt, “Confidential Information” includes Highly Confidential Information.

“Content Control Information” shall mean the information that represents the content control status of particular content to a Licensed Product, including but not limited to Copy Control Information, APS Trigger Bits, EPN and ICT.

“Content Participant” shall mean a company that has executed a Content Participant Agreement with Sony.

“Content Participant Agreement” shall mean any “Hi-MD System-Secure Video Recording Content Participant Agreement” relating to MG-R(SVR) for Hi-MD entered into between a copyright owner or distributor of Commercial Audiovisual Content with Sony.

“Control” means the possession of beneficial ownership of more than fifty percent (50%) of the stock or other similar interest entitled to vote for the election of the Board of Directors or similar managing authority.

“Fellow Licensee” shall mean Licensee and any entity that has entered into an IC Adopter Agreement with Sony.

“Format License Agreement” shall mean a “Hi-MD Secure Video IC Agreement<sup>1</sup>” agreement entered into by and between Sony and Licensee.

“Highly Confidential Information” shall mean Confidential Information that is marked “Highly Confidential Information” when disclosed in written form.

“IC Adopter Agreement” shall mean this Agreement and any other “Hi-MD Secure Video IC – Secure Video Recording Format – Content Protection License Agreement” entered into with Sony.

“Licensed Know-How and Copyrights” shall mean any trade secrets and copyrights embodied in SVR CP Specifications.

“Licensed Patents” shall mean claims of a patent or patent application under which Sony, any Licensee, any Fellow Licensee, or any of their respective Subsidiaries, has the right, during the term of this Agreement, without a payment of royalties to third parties, to grant licenses and which claims are necessarily infringed in order to (a) implement MG-R(SVR) for Hi-MD in Licensed Products or (b) use or cause to be used MG-R(SVR) for Hi-MD to protect Commercial Audiovisual Content. “Licensed Patents” do not include any claims relating to aspects of any technology (even if disclosed with particularity), standard or product that is an optional part of the SVR CP Specifications or is not itself part of the SVR CP Specifications such as, but not limited to, CSS, MPEG, IEEE1394 and any copy protection system (other than MG-R(SVR) for Hi-MD), including: (1) claims relating to other copy protection, compression, encoding or decoding technologies (even though such technology, standard or product may otherwise be mentioned in or required by the SVR CP Specifications) or tamper resistance technology; (2) claims that may be practiced in an implementation of any Licensed Product in compliance with the SVR CP Specifications where an alternative implementation of the SVR CP Specifications in a Licensed Product exists that would not infringe such claims (even if in the same patent as Licensed Patents); or (3) claims that read solely on any implementations of any portion of the SVR CP Specifications that are not within the bounds of the scope of use set forth in this Agreement or any Content Participant Agreement.

“Licensed Product” shall mean an integrated chip product manufactured pursuant to the Format License Agreement that (i) implements the MG(V) IP received from Sony under Section 3.01, (ii) embodies the designs set out in the SVR CP Specifications and (iii) is in compliance with the SVR CP Specifications.

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<sup>1</sup> Title of agreement subject to confirmation.

“MG-R(SVR) for Hi-MD” shall mean MG-R(SVR) customized for the Hi-MD System, as set forth in the SVR CP Specifications.

“MG(V) IP” shall mean the design data provided by Sony to Licensee representing certain core functions of MG-R(SVR) to be incorporated into an integrated chip under this Agreement.

“Subsidiary” shall mean, with respect to any person or entity, any other person or entity (a) that directly or indirectly is Controlled by such person or entity and (b) for which such person or entity has the right to license any claims of any patents or patent applications owned or controlled by such other person or entity relating to MG-R(SVR) for Hi-MD.

“SVR CP Specifications” shall mean the specifications listed in Exhibit A, as may be revised by Sony from time to time pursuant to Paragraph 3.03.

## **ARTICLE II**

### **INTELLECTUAL PROPERTY**

#### 2.01

(a) Subject to the terms and conditions of this Agreement, Sony hereby promises, on behalf of itself and its Subsidiaries, not to assert any claim of infringement under any Licensed Patents, or under any Licensed Know-How or Copyrights, against Licensee or any of Licensee’s Subsidiaries with respect to Licensee’s or its Subsidiaries’ using MG-R(SVR) for Hi-MD to design, have designed, develop, have developed, manufacture, have manufactured, use, offer for sale, sell or otherwise dispose of, during the term of this Agreement, Licensed Products; provided, however, that such non-assertion covenant shall not extend to (i) any implementation of MG-R(SVR) for Hi-MD other than in a Licensed Product; (ii) Licensee or Licensee’s Subsidiaries if Licensee or any of Licensee’s Subsidiaries are otherwise in violation of this Agreement or (iii) if Licensee asserts or if any of its Subsidiaries asserts any claim of infringement under any Licensed Patents, or under any Licensed Know-How or Copyrights, against Sony or any of its Subsidiaries.

(b) The promises of non-assertion granted to Licensee and Licensee’s Subsidiaries under Paragraph 2.01(a) shall in no event be construed to include a promise of non-assertion with respect to the design, development, manufacture, offer for sale, sale or other disposal in whole or in part of any portion of a Licensed Product other

than those portions that implement MG-R(SVR) for Hi-MD pursuant to the SVR CP Specifications.

2.02 Licensee, on behalf of itself and its Subsidiaries, hereby agrees not to assert against Sony, any Fellow Licensee or any of their respective Subsidiaries any claim of infringement under its or their Licensed Patents or under any Licensed Know-How or Copyrights with respect to (i) in the case of Fellow Licensees, Sony, and their respective Subsidiaries, the use of MG-R(SVR) for Hi-MD to design, have designed, develop, have developed, manufacture, have manufactured, use, offer for sale, sell and otherwise dispose of Licensed Products and (ii) with respect to Sony, the licensing of MG-R(SVR) for Hi-MD; provided, however, the provisions of this Paragraph 2.02 shall not extend to any entity that asserts or whose Subsidiary asserts against Licensee or any of its Subsidiaries any claim of infringement under its or their Licensed Patents, or under any Licensed Know-How or Copyrights, with respect to activities or products within the scope of Paragraph 2.01.

2.03 Licensee, on behalf of itself and its Subsidiaries, hereby promises not to assert against any Content Participant or any of its Subsidiaries any claim of infringement under its or their Licensed Patents, or under any Licensed Know-How or Copyrights, with respect to the use or causation of use of MG-R(SVR) for Hi-MD to protect Commercial Audiovisual Content in compliance with the applicable Content Participant Agreement. The provisions of this Paragraph 2.03 shall not extend to any entity that asserts or whose Subsidiary asserts any claim of infringement under any Licensed Patents, or under any Licensed Know-How or Copyrights, against Licensee or any of Licensee's Subsidiaries with respect to activities or products within the scope of Paragraph 2.01.

2.04 For avoidance of doubt, the non-assertion covenants granted pursuant to Paragraph 2.01 to any entity that is a Subsidiary of Licensee shall apply only for so long as such entity falls within the definition of "Subsidiary" with respect to Licensee.

2.05 For avoidance of doubt, Licensee and Licensee's Subsidiaries shall not sell, offer for sale, distribute or otherwise dispose of any products under this Agreement unless such products are Licensed Products that comply with SVR CP Specifications.

### **ARTICLE III** **SPECIFICATION; CHANGES**

3.01 Sony shall deliver to Licensee the SVR CP Specifications and MG(V) IP within thirty (30) days after the date of the execution of this Agreement or the Format License Agreement, whichever comes later. Licensee shall, in no event make copies of,

whether in printed or electronic form, or distribute to any third party, in whole or in part, the SVR CP Specifications without the prior written consent of Sony.

3.02 The SVR CP Specifications may be amended from time to time by Sony only in accordance with this ARTICLE III.

3.03 Sony will not make any revisions to the SVR CP Specifications that would materially increase the cost or complexity of implementation of Licensed Products, or that would require material modifications to product design or manufacturing process of Licensed Products (“Material Changes”), with the exception of changes that are necessary to ensure and maintain necessary protection of content that is recorded or played back by using MG-R(SVR) for Hi-MD. Without limiting the foregoing, Sony reserves the right to correct any errors or omissions in the SVR CP Specifications or to make changes that would clarify, but not materially amend, alter or expand the SVR CP Specifications from time to time.

3.04 Licensee shall comply with amendments to the SVR CP Specifications within eighteen (18) months after notification of such amendments has been sent to Licensee as specified herein or such longer period as Sony may specify.

#### **ARTICLE IV** **SUBCONTRACTOR**

4.01 If Licensee has any third party use MG-R(SVR) for Hi-MD to design, develop and/or manufacture Licensed Products or any part of Licensed Products for Licensee in accordance with ARTICLE II hereof, Licensee may disclose Confidential Information to such third parties (hereinafter referred to as the “Subcontractors”), provided that Licensee shall cause such Subcontractors to use the Confidential Information only for the design, development and/or manufacture of the Licensed Products or such parts thereof for Licensee and to observe the same degree of obligations of Licensee to Sony hereunder and Licensee shall indemnify and hold Sony and its Subsidiaries harmless from all losses or damages suffered or incurred by Sony or its Subsidiaries as a result of breach by such Subcontractors of the terms and conditions of this Agreement.

4.02 If Licensee needs to disclose the Highly Confidential Information to any Subcontractor pursuant to Paragraph 4.01, Licensee shall cause such Subcontractors to read and execute the acknowledgment as set forth in Exhibit F attached hereto and made a part hereof prior to the disclosure of such Highly Confidential Information. A copy of

such executed acknowledgment shall be sent to Sony by Licensee.

4.03 Failure by any Subcontractor to observe any of the confidentiality obligations set forth in ARTICLE VII, this ARTICLE IV and Exhibit F shall constitute a breach of Licensee of this Agreement.

4.04 Licensee agrees that it is strictly prohibited that Subcontractor discloses any Confidential Information to any third party in any manner for any purpose.

## **ARTICLE V**

### **FEES**

5.01 Within thirty (30) days of the Effective Date, Licensee shall pay Sony a nonrefundable sum in the amount of the fee set out in Exhibit G in consideration of the rights conferred upon Licensee and its Subsidiaries and the undertakings assumed by Sony and its Subsidiaries as set out in this Agreement by telegraphic transfer remittance into the bank account designated by Sony. Licensee shall not be entitled to any refund thereof for any reason.

## **ARTICLE VI**

### **DISCLAIMER**

EXCEPT AS EXPRESSLY PROVIDED HEREIN, THE SVR CP SPECIFICATIONS, THE MG(V) IP AND ALL OTHER INFORMATION AND MATERIALS PROVIDED HEREUNDER ARE PROVIDED "AS IS". SONY MAKES NO REPRESENTATION OR WARRANTY AS TO THE VALUE OR UTILITY OF THE LICENSED PATENTS, THE LICENSED KNOW-HOW AND COPYRIGHTS, OR OTHER INFORMATION TO BE SUPPLIED PURSUANT TO THIS AGREEMENT, SUCH AS BUT NOT LIMITED TO THE SVR CP SPECIFICATIONS, THE MG(V) IP AND OTHER TECHNICAL INFORMATION, IF ANY, OR THE ABILITY OF LICENSEE TO MAKE USE THEREOF TO SECURE INTERCHANGEABILITY OR INTEROPERABILITY WITH OTHER LICENSED PRODUCTS. SONY MAKES NO REPRESENTATION OR WARRANTY WHATSOEVER THAT THE USE OF THE LICENSED PATENTS, THE LICENSED KNOW-HOW AND COPYRIGHTS OR OTHER INFORMATION, INCLUDING BUT NOT LIMITED TO SVR CP SPECIFICATIONS AND THE MG(V) IP SUPPLIED TO LICENSEE PURSUANT TO THIS AGREEMENT DOES NOT INFRINGE OR WILL NOT CAUSE INFRINGEMENT OF ANY INTELLECTUAL PROPERTY RIGHT OWNED OR CONTROLLED BY ANY THIRD PARTY. LICENSEE

UNDERSTANDS AND AGREES THAT SONY MAKES NO WARRANTY WHATSOEVER THAT ANY MANUFACTURING, HAVING MANUFACTURED OR SELLING OF LICENSED PRODUCTS WILL BE FREE FROM INFRINGEMENT OF ANY THIRD PARTY'S INTELLECTUAL PROPERTY RIGHTS. SONY MAKES NO REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, STATUTORY OR OTHERWISE, AND EXPRESSLY DISCLAIMS IMPLIED WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE AND NON-INFRINGEMENT, AND ANY EQUIVALENTS UNDER THE LAWS OF ANY JURISDICTION THAT MIGHT ARISE FROM ANY ACTIVITIES OR INFORMATION DISCLOSURES RELATING TO THIS AGREEMENT. WITHOUT LIMITING THE FOREGOING, SONY DOES NOT REPRESENT OR WARRANT THAT MG-R(SVR) FOR HI-MD IS IMMUNE TO HACKING, CODE BREAKING, PIRACY OR OTHER EFFORTS TO CIRCUMVENT THE TECHNOLOGY.

## **ARTICLE VII**

### **CONFIDENTIALITY**

7.01 Licensee agrees that, except as permitted under ARTICLE IV, Licensee and Licensee's Subsidiaries shall not disclose to any third party Confidential Information and shall not use the Confidential Information for any purpose other than as provided in this Agreement. The obligation set out herein shall not apply to any portion of Confidential Information which Licensee can prove:

- (a) was already known to Licensee at the time of disclosure to Licensee;
- (b) was already a part of the public domain at the time of disclosure to Licensee;
- (c) is or becomes a part of the public domain through no fault of Licensee;
- (d) is rightfully obtained by Licensee without restriction on disclosure or use; or
- (e) was or is independently developed by officers or employees of Licensee who have not had access to Confidential Information.

In order to protect Confidential Information in confidence, Licensee agrees that Licensee and Licensee's Subsidiaries shall take all necessary measures and precautions, including, but not limited to, measures requiring their present and future employees to give suitable undertakings of secrecy both for the period of their employment and thereafter, and that such Confidential Information shall be treated in the same manner and with the same degree of care as Licensee applies and has applied to its own information of a sensitive or confidential nature. Licensee also agrees that Licensee and Licensee's Subsidiaries shall not use Confidential Information or any mentally-retained recollections thereof for any purpose other than the purpose of exercise of the rights granted in this Agreement. Under no

circumstances shall Licensee or Licensee's Subsidiaries reverse engineer, reverse translate, decompile, disassemble, or otherwise seek to determine the operation of Confidential Information or allow another to do so.

7.02 In addition to the obligations set forth in Paragraph 7.01, Licensee and Licensee's Subsidiaries shall not disclose Highly Confidential Information to any third party or to its officers and employees other than ten (10) full-time officers and employees of Licensee or Licensee's Subsidiaries respectively, (i) who have an absolute need to know such Highly Confidential Information for the purpose of the exercise of the rights granted in this Agreement and (ii) who read and execute Exhibit E-1 hereto and provide Sony with one hard copy of such Exhibit E-1 executed by such officers and employees before the first access to Highly Confidential Information (such officers and employees shall be hereinafter referred to as "Authorized Employee"). Licensee and Licensee's Subsidiaries shall at all times cause Authorized Employees to strictly abide by the obligations set forth in this ARTICLE VII hereof and shall use the best efforts to cause the Authorized Employees to comply with such obligations after the resignation of such Authorized Employees from Licensee or Licensee's Subsidiaries. Licensee and Licensee's Subsidiaries may substitute another officer or employee of them for an Authorized Employee with Sony's prior written consent only in the event of death, permanent or long-term disability or resignation of such Authorized Employee. Licensee and its Subsidiaries shall maintain on their respective premises a secure location in which the Highly Confidential Information shall be stored.

7.03 Notwithstanding Paragraphs 7.01 and 7.02 above, Licensee and Licensee's Subsidiaries may also disclose Highly Confidential Information to a full-time officers and employees of a Subcontractor pursuant to ARTICLE IV.

7.04 Licensee agrees that Licensee and Licensee's Subsidiaries, which need to receive Highly Confidential Information from Sony to exercise the rights granted under this Agreement, shall, prior to their receipt of Highly Confidential Information, (i) designate their single Authorized Employee who shall conduct an interface with Sony relating to Highly Confidential Information (hereinafter referred to as "Licensee Contact"), (ii) cause such Licensee Contact to read and execute the acknowledgment attached hereto as Exhibit E-2, (iii) identify such Licensee Contact in writing to Sony and (iv) send such executed acknowledgment to Sony.

7.05 Licensee and its Subsidiaries shall, in no event, make copies of, whether in printed or electronic form, or distribute to any third party, in whole or in part, any Highly Confidential Information without the prior written consent of Sony.

7.06 The confidentiality obligations set forth in this Agreement shall become effective as of the Effective Date and continue until ten (10) years after the last date of manufacture by any entity of any product implementing MG-R(SVR).

## **ARTICLE VIII**

### **PROCEDURES FOR THIRD-PARTY BENEFICIARY CLAIMS**

8.01 Compliance of Licensee and of Licensee's Subsidiaries with the terms of this Agreement is essential to maintain the value and integrity of MG-R(SVR) for Hi-MD. As part of the consideration of the rights granted herein, Licensee and Licensee's Subsidiaries agree that each Content Participant that (x) is not willfully in material breach of any term or condition of its Content Participant Agreement, (y) is not otherwise in material breach of any term or condition of its Content Participant Agreement, which breach has not been cured, or is not capable of cure, within thirty (30) calendar days of such Content Participant's receipt of notice thereof by Sony or any Fellow Licensee and (z) causes or permits distribution or transmission of its Commercial Audiovisual Content (a) in commercial quantities to the general public, (b) in a form capable of being recorded with Licensed Products ("Eligible Content Participant") shall be a third-party beneficiary (hereinafter referred to as the "Content Participant Beneficiary") to this Agreement and shall be entitled during such period that such Content Participant is an Eligible Content Participant, to bring a claim or action (hereinafter referred to as the "Content Participant Beneficiary Claim") to enforce rights against Licensee and Licensee's Subsidiaries in accordance with the procedures set out in Exhibit B attached hereto and made a part hereof, with respect to Licensee and/or Licensee's Subsidiaries' implementation of MG-R(SVR) for Hi-MD in any product that receives or transmits data in a format in which such Eligible Content Participant has made Eligible Content available. Such third-party beneficiary rights shall be limited to seeking injunctive relief against the manufacture, distribution, commercial use and sale of Licensee's and Licensee's Subsidiaries' products that are in material breach of the SVR CP Specifications, and against disclosure of Highly Confidential Information in breach of this Agreement that affects the integrity or security of MG-R(SVR) for Hi-MD, except where such Licensee or its Subsidiary has willfully breached or engaged in a pattern or practice of breaching, such obligations, as to which breach attorneys' fees and costs may be awarded.

8.02 For so long as Licensee and its Subsidiaries (x) are not willfully in material breach of any terms and conditions of this Agreement, and (y) are not otherwise in material breach of any terms or conditions of this Agreement, whose breach has not been cured or is not capable of cure within thirty (30) calendar days of Licensee and/or Licensee's Subsidiaries' receipt of notice thereof by Sony, Licensee shall be a third-party

beneficiary (hereinafter referred to as the “Licensee Beneficiary”) to each Content Participant Agreement and shall be entitled to bring a claim or action (hereinafter referred to as the “Licensee Beneficiary Claim”) to enforce rights against Content Participants, in accordance with the third-party beneficiary procedures set forth in Exhibit B attached hereto and made a part hereof, with respect to such Content Participants’ compliance with its obligation under its Content Participant Agreement regarding the encoding rules set forth therein. Licensee acknowledges that such third-party beneficiary rights shall be limited to seeking equitable relief, except where such Content Participant has willfully breached, or engaged in a pattern or practice of breaching, such obligations, as to which breach(es) reasonable attorneys’ fees and costs shall be awarded to Licensee if Licensee is the prevailing party.

## **ARTICLE IX**

### **TERM AND TERMINATION**

9.01 This Agreement shall be effective from the date first written above and, unless otherwise terminated, shall continue in full force and effect until the Format License Agreement is terminated or expired.

9.02 Either party shall have the right to terminate this Agreement upon at least thirty (30) days prior written notice to the other party in the event that the other party breaches any provision of this Agreement, and does not cure such breach during said thirty (30) day period, or immediately if the Licensee is adjudicated a bankrupt; makes an assignment for the benefit of creditors; takes advantage of any insolvency act; or is the subject of a case for its liquidation or reorganization under any law. Notwithstanding the foregoing, in the event the Licensee breaches any provision of ARTICLE VII, Sony may terminate this Agreement immediately upon notice to Licensee. Any notice of termination hereunder shall specify the date on which this Agreement shall end.

9.03 Upon termination or expiration of this Agreement, Licensee and its Subsidiaries shall immediately cease use of MG(V) IP. Within thirty (30) days after termination or expiration of this Agreement, Licensee shall as directed by Sony (i) return all Confidential Information (including, but not limited to such MG(V) IP) in its or any of its Subsidiaries’ or Subcontractors’ possession to Sony, retaining no copies thereof, or (ii) destroy all Confidential Information (including, but not limited to such MG(V) IP) in its or any of its Subsidiaries’ or Subcontractors’ possession, retaining no copies thereof, and certify such destruction in writing to Sony.

9.04 The terms of Paragraphs 2.01 (with respect to any claims of infringement arising prior to termination), 2.02 and 2.03 (both with respect to the Licensed Patents and Licensed Know-How and Copyrights embodied in the versions of the SVR CP Specifications issued prior to the date of termination), 2.04 and 2.05, ARTICLE IV, ARTICLE VI, ARTICLE VII, ARTICLE VIII, ARTICLE X and this ARTICLE IX shall survive any termination or expiration of this Agreement.

## **ARTICLE X** **MISCELLANEOUS**

10.01 Licensee shall not assign or transfer any of its rights or obligations hereunder without the prior written consent of Sony.

10.02 Should any provision of this Agreement be finally determined void or unenforceable in any judicial proceeding, such determination shall not affect the operation of the remaining provisions hereof, provided that, in such event, Sony shall have the right to terminate this Agreement by written notice to Licensee.

10.03 Nothing contained in this Agreement shall be construed:

(a) as imposing on Sony or any of its Subsidiaries any obligation to institute any suit or action for infringement of any of the Licensed Patents or to defend any suit or action brought by a third party which challenges or concerns the validity of any of such Licensed Patents, it being expressly understood that Licensee shall have no right to institute any such suit or action for infringement or challenging the validity of any such Licensed Patents;

(b) as imposing any obligation to file any patent application or to secure any patent or to maintain any patent in force;

(c) as conferring any license or right to copy or to simulate the appearance and/or design of any product of Sony or Sony's Subsidiaries, except as expressly provided herein;

(d) as conferring any license to Licensee under any intellectual property rights of Sony or Sony's Subsidiaries, other than as expressly provided in this Agreement; or

(e) without limiting the terms of ARTICLE VI, as a warranty, assurance or representation by Sony to Licensee as to quality level, no-defect,

compatibility or completeness of any Licensed Product implementing MG-R(SVR) for Hi-MD.

10.04 If at any time a party hereto elects not to assert its rights under any provision of this Agreement, such action or lack of action in that respect shall not be construed as a waiver of its rights under said provision or of any other provision of this Agreement.

10.05 Licensee shall comply with all applicable export control laws, copyright protection laws or all other relevant laws and regulations of Japan and other countries related to activities under this Agreement. Licensee shall obtain any approval or authorization from Japan or other governments as required under such laws and regulations at its own cost and responsibility.

10.06 All notice and other communications required or permitted to be given under this Agreement must be in writing and will be effective when delivered personally, sent by facsimile or e-mail later confirmed by registered mail, or sent by registered mail, postage prepaid and addressed to the parties at their respective address set forth below, or at any new address or addresses subsequently designated in writing by either party to the other.

Sony: Sony Corporation

Attention: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Address: 7-35, Kitashinagawa 6-chome, Shinagawa-ku, Tokyo 141-0001 Japan

Licensee: \_\_\_\_\_

Attention: \_\_\_\_\_

Address: \_\_\_\_\_

10.07 Governing Law; Jurisdiction.

(a) THIS AGREEMENT, AND ALL BENEFICIARY CLAIMS, SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK APPLICABLE TO AGREEMENTS MADE AND TO BE PERFORMED ENTIRELY IN SUCH STATE, AND WITH THE LAWS OF THE UNITED STATES OF AMERICA.

(b) IN CONNECTION WITH ANY LITIGATION BETWEEN THE PARTIES HERETO ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY BENEFICIARY CLAIM, EACH PARTY HERETO IRREVOCABLY CONSENTS TO THE EXCLUSIVE JURISDICTION AND VENUE IN THE FEDERAL AND STATE COURTS LOCATED IN THE COUNTY OF NEW YORK IN THE STATE OF NEW YORK.

(c) EACH PARTY WAIVES ANY OBJECTION TO THE JURISDICTION, PROCESS, AND VENUE OF ANY SUCH COURT, AND TO THE EFFECTIVENESS, EXECUTION, AND ENFORCEMENT OF ANY ORDER OR JUDGMENT (INCLUDING BUT NOT LIMITED TO A DEFAULT JUDGMENT) OF SUCH COURT PERTAINING TO THIS AGREEMENT OR ANY BENEFICIARY CLAIM, TO THE MAXIMUM EXTENT PERMITTED BY THE LAW OF THE PLACE WHERE ENFORCEMENT OR EXECUTION OF ANY SUCH ORDER OR JUDGMENT MAY BE SOUGHT AND BY THE LAW OF ANY PLACE WHOSE LAW MIGHT BE CLAIMED TO BE APPLICABLE REGARDING THE EFFECTIVENESS, ENFORCEMENT, OR EXECUTION OF SUCH ORDER OR JUDGMENT, INCLUDING PLACES OUTSIDE OF THE STATE OF NEW YORK AND THE UNITED STATES.

10.08 In the event that any terms of this Agreement conflict with any terms of the Format License Agreement, this Agreement shall control.

10.09 This Agreement, including the exhibits hereto and all documents incorporated herein by reference, constitute the entire agreement between the parties hereto with respect to the subject matter hereof and supersede all oral, written or other agreements, either entered prior to or contemporaneously with this Agreement. This Agreement may not be modified except by written agreement of the parties hereto.

10.10 In construing the terms of this Agreement, no presumption shall operate in either party's favor as a result of its counsel's role in drafting the terms hereof.

10.11 This Agreement may be executed in any number of counterparts, each of which shall be an original, but all of which together shall constitute one instrument. The parties hereto acknowledge and agree that such counterparts may be executed by signatures sent by facsimile transmissions.

**IN WITNESS WHEREOF**, the parties hereof have caused this Agreement to be signed on the date first above written.

**Sony:**  
Sony Corporation

**Licensee:**  
\_\_\_\_\_

By: \_\_\_\_\_

By: \_\_\_\_\_  
**(Name)**  
**(Title)**

**EXHIBIT A**  
**SVR CP SPECIFICATIONS**

**Hi-MD System MagicGate Application Note for Audio System**

**EXHIBIT B**  
**PROCEDURES FOR THIRD-PARTY BENEFICIARY CLAIMS**

1. Prior to initiating or instituting any Content Participant Beneficiary Claim or Licensee Beneficiary Claim (each, a “Beneficiary Claim”) against a Fellow Licensee or against a Content Participant, as the case may be (each, a “Defendant”), a Content Participant Beneficiary or Licensee Beneficiary (each, a “Third-Party Beneficiary”) shall provide Sony notice and consultation reasonable under the circumstances regarding a proposed Beneficiary Claim; provided that such consultation with Sony shall not limit such Third-Party Beneficiary’s complete discretion in initiating or instituting such a Beneficiary Claim. Such Third-Party Beneficiary shall further provide Sony with notice of actual filing of a Beneficiary Claim and, upon Sony’s request, any copies of material documents filed in such Third-Party Beneficiary’s initiation, institution or pursuit of such Beneficiary Claim.

2. Following Sony’s receipt of notice of a Beneficiary Claim as required by the foregoing paragraph, Sony shall provide all Fellow Licensees (in the case of a Licensee Beneficiary Claim) and all Content Participants (in the case of a Content Participant Beneficiary Claim) with prompt notice of such receipt (a “Claim Notice”). Within thirty (30) calendar days of the date of mailing of a Claim Notice, all Licensee Beneficiaries (in the case of a Licensee Beneficiary Claim), or all Content Participant Beneficiaries (in the case of an Content Participant Beneficiary Claim), shall elect whether to join such Beneficiary Claim, and the failure of any Fellow Licensee or Content Participant to provide written notice to Sony of such election and to move to join such Beneficiary Claim within such thirty (30)-day period shall be deemed a waiver of such Fellow Licensee’s or Content Participant’s third-party-beneficiary right under its respective Adopter Agreement or Content Participant Agreement, as the case may be, with respect to all Beneficiary Claims against Defendant arising out of the alleged breach by Defendant raised in such Beneficiary Claim asserted by the Third-Party Beneficiary. The Third-Party Beneficiary instituting or initiating a Beneficiary Claim shall support, and Defendant shall not object to, any motion to join by such Third-Party Beneficiaries electing to join such Beneficiary Claim within such thirty (30)-day period. Any judgment entered upon such Beneficiary Claim shall be binding on all Fellow Licensees and Content Participants that failed to join such Beneficiary Claim as if they had joined such Beneficiary Claim. Neither any Fellow Licensee’s or Content Participant’s failure to notify or consult with Sony or to provide copies, nor Sony’s failure to give notice to any Fellow Licensee or Content Participant pursuant to these third-party beneficiary procedures, under paragraphs 1 or 2 shall be a

defense against any Beneficiary Claim or grounds for a request to delay the granting of any preliminary relief requested.

3. Third-Party Beneficiaries shall have no right to, and Content Participant agrees that it will not, enter into any settlement that: (i) amends any material term of any Adopter Agreement or Content Participant Agreement; (ii) has an adverse effect on the integrity or security of MG-R(SVR) for Hi-MD , or the operation of MG-R(SVR) for Hi-MD with respect to protecting Commercial Audiovisual Content from any unauthorized output, transmission, interception or copying, or the rights of Content Participants with respect to MG-R(SVR) for Hi-MD; or (iii) affects any of Sony's rights in and to MG-R(SVR) for Hi-MD or any intellectual property right embodied therein, unless Sony shall have provided prior written consent thereto.

**EXHIBIT C**  
**INTENTIONALLY LEFT BLANK**

**EXHIBIT D**  
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**EXHIBIT E-1**  
**CONFIDENTIALITY AGREEMENT**  
**ACKNOWLEDGMENT BY AUTHORIZED EMPLOYEES**

To: (Company Name of Licensee or Licensee's Subsidiary)

I, (Person's Name), a full-time employee of (Company Name of Licensee or Licensee's Subsidiary) (hereinafter referred to as "Licensee"), acknowledge that I have been designated by Licensee as an "Authorized Employee" (defined in the Hi-MD Secure Video IC - Secure Video Recording Format - Content Protection License Agreement between Sony Corporation and (Company Name of Licensee) made on (Month) (Date), (Year) (hereinafter referred to as the "Agreement")).

I acknowledge that I shall keep in confidence the Highly Confidential Information (as defined in the Agreement) of Sony Corporation designated as such by Sony Corporation to Licensee in accordance with the instructions given from time to time by Licensee during the period commencing on the signature date hereof and ending ten (10) years after the last date of manufacture by any entity of any product implementing MG-R(SVR) (as defined in the Agreement).

I further acknowledge that in the event I fail to abide by the terms as described above, Sony Corporation shall, in its sole discretion, be entitled to bring an action at law or in equity against (Company Name of Licensee or Licensee's Subsidiary) to claim damages.

By signing below, I attest that I have read and understood this acknowledgment and the Agreement.

Signed : \_\_\_\_\_

Name : \_\_\_\_\_

Title : \_\_\_\_\_

Date : \_\_\_\_\_

cc : \_\_\_\_\_

\_\_\_\_\_  
Sony Corporation

**EXHIBIT E-2**  
**ACKNOWLEDGMENT BY LICENSEE CONTACT**

To: **(Company Name of Licensee or Licensee's Subsidiary)**

I, **(Name of the person)**, a full-time officer or employee of **(Company Name of Licensee or Licensee's Subsidiary)** (hereinafter referred to as "Licensee"), acknowledge that I have been designated by Licensee as a "Licensee Contact" (defined in the Hi-MD Secure Video IC - Secure Video Recording Format - Content Protection License Agreement made as of **(Month) (Date), (Year)** between Sony Corporation (hereinafter referred to as "Sony" and Licensee (hereinafter referred to as the "Agreement"), to receive "Highly Confidential Information" (as defined in the Agreement) on behalf of Licensee. I have also been designated by Licensee as an "Authorized Employee" (as defined in the Agreement) and have executed the "ACKNOWLEDGMENT BY AUTHORIZED EMPLOYEES" attached to the Agreement. In addition to the confidentiality obligations relating to Highly Confidential Information under the "ACKNOWLEDGMENT BY AUTHORIZED EMPLOYEES", as Licensee Contact, I further undertake as follows:

1. I shall receive Highly Confidential Information in the manner designated by Sony, and shall distribute such Highly Confidential Information only to necessary Authorized Employees of Licensee in accordance with ARTICLE VII of the Agreement.
2. Upon receipt from Sony of any revision to Highly Confidential Information, I shall distribute such revised Highly Confidential Information only to necessary Authorized Employees in accordance with ARTICLE VII of the Agreement.
3. I will not, in any event, make copies of, whether in printed or electronic form, or distribute to any third party, in whole or in part, any Highly Confidential Information without the prior written consent of Sony.
4. The obligations set forth above shall be in full force until I am discharged from my role as Licensee Contact by Licensee provided that such discharge from my role as Licensee Contact shall not affect my confidentiality obligations under the Agreement and the "ACKNOWLEDGMENT BY AUTHORIZED EMPLOYEE".
5. I further acknowledge that in the event I fail to abide by the terms as described above, Sony shall, in its sole discretion, be entitled to bring an action at law or in equity against Licensee to claim damages.

By signing below, I attest that I have read and understood this acknowledgment and the Agreement.

Signed: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

cc: \_\_\_\_\_

\_\_\_\_\_

Sony Corporation

**EXHIBIT F**  
**CONFIDENTIALITY AGREEMENT**  
**ACKNOWLEDGMENT BY SUBCONTRACTOR**

To: **(Company Name of Licensee)** (hereinafter referred to as “Licensee”)

**(Company Name of Subcontractor)** (hereinafter referred to as “Subcontractor”), a corporation having a place of business at **(Address)**, hereby acknowledges and agrees that:

- (i) Licensee will disclose the technical information, which is provided by Sony Corporation (7-35, Kitashinagawa 6-chome, Shinagawa-ku, Tokyo 141-0001, Japan) and designated by Sony Corporation as “Highly Confidential Information” (hereinafter referred to as “Highly Confidential Information”) under the agreement between Licensee and Sony Corporation, to Subcontractor only for the purpose of having Subcontractor design, develop and/or manufacture **(Licensee’s Product Name)** for Licensee (hereinafter referred to as the “Purpose”);
- (ii) Subcontractor shall keep the Highly Confidential Information in confidence and not disclose or disseminate it to any third party but may disclose to Subcontractor’s full-time officers and employees who need to access the Highly Confidential Information (hereinafter referred to as “Authorized Employees”);
- (iii) Subcontractor shall maintain on its premises a secure location in which the Highly Confidential Information shall be stored;
- (iv) Subcontractor shall not make copies or reproductions of the Highly Confidential Information; and
- (v) Subcontractor shall not convert the Highly Confidential Information into electronic data.

Subcontractor shall designate its full-time officers and employees who have an absolute need to know the Highly Confidential Information for the Purpose as “Authorized Employees”, provided that the number of Authorized Employees does not exceed ten (10).

Subcontractor shall cause its Authorized Employees to read and execute the

acknowledgment attached as Attachment A hereto prior to the disclosure of the Highly Confidential Information (the copy of such executed acknowledgment to be sent to Licensee).

The confidentiality obligations relating to Highly Confidential Information shall be in effect during the period commencing on the signature date hereof and ending ten (10) years after the last date of manufacture by any entity of any product implementing MG-R(SVR).

By signing below, Subcontractor attests that Subcontractor has read and understood this acknowledgment.

Signed : \_\_\_\_\_

Name : \_\_\_\_\_

Title : \_\_\_\_\_

Signature Date : \_\_\_\_\_

**CONFIDENTIALITY AGREEMENT**  
**ACKNOWLEDGMENT BY AUTHORIZED EMPLOYEE**

To: **(Company Name of Subcontractor)**

I, **(Person's Name)**, a full-time employee of **(Company Name Subcontractor)** (hereinafter referred to as "Subcontractor"), acknowledge that I have been designated by Subcontractor as an "Authorized Employee" (defined in acknowledgment executed by Subcontractor and on **(Month)**, **(Date)**, **(Year)** (hereinafter referred to as the "Subcontractor's Acknowledgment").

I acknowledge that I shall keep in confidence the Highly Confidential Information (defined in Subcontractor's Acknowledgment) in accordance with the terms and conditions of the Subcontractor's Acknowledgment during the period commencing on the signature date hereof and ending ten (10) years after the last date of manufacture by any entity of any product implementing MG-R(SVR).

I further acknowledge that in the event I fail to abide by the terms described above, Sony Corporation shall, in its sole discretion, be entitled to bring an action at law or in equity against **(Company Name of Subcontractor)** to claim damages.

By signing below, I attest that I have read and understood this acknowledgment and Subcontractor's Acknowledgment.

Signed : \_\_\_\_\_

Name : \_\_\_\_\_

Title : \_\_\_\_\_

Date : \_\_\_\_\_

cc : **(Company Name of Licensee)**

**EXHIBIT G**  
**FEE**

**Ten million Japanese Yen (¥10,000,000.-)**